

EKSPORTKREDITT
Export Credit Norway



Annual report
2015

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Key Figures 2015

76,499

Total outstanding loan amount in MNOK

21,254

Probability-adjusted order book in MNOK

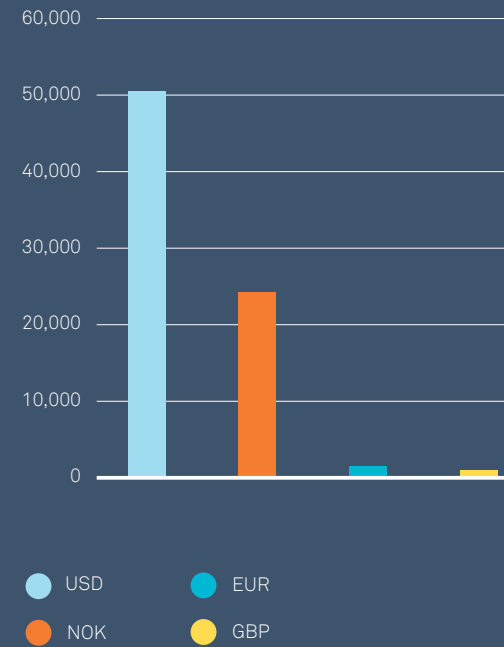
120,088

Application volume in MNOK

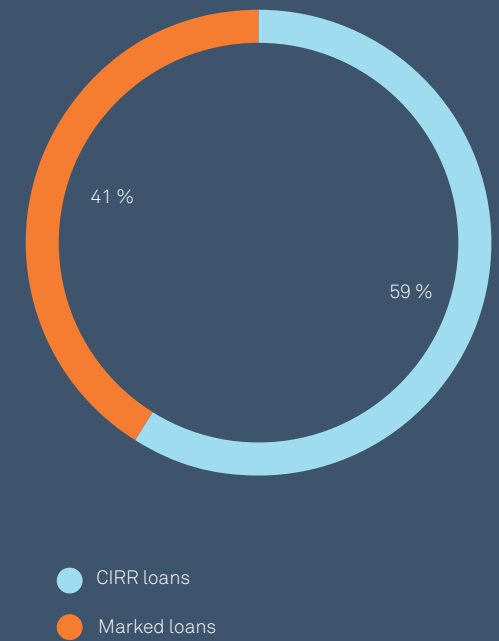
275/68

Applications received for financing / number of countries

LOAN AMOUNT BY CURRENCY IN MNOK



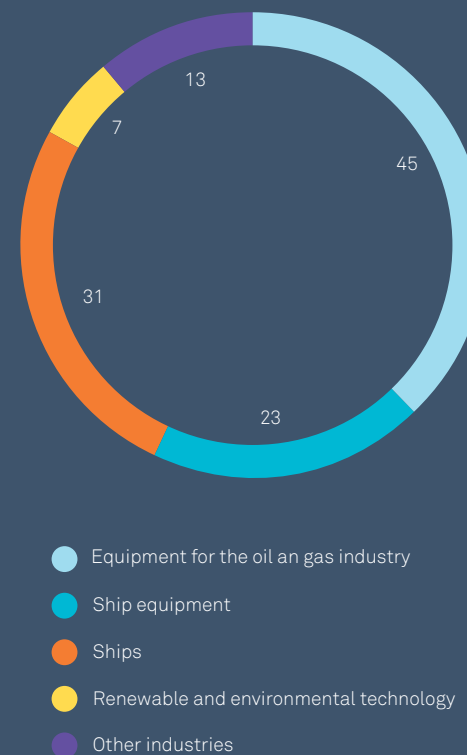
LOAN AMOUNT BY INTEREST RATE (PERCENTAGES)



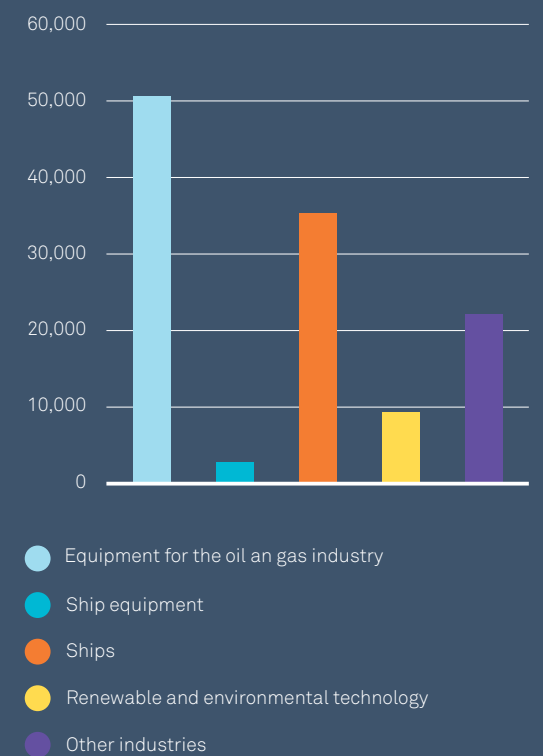
LOAN AMOUNT BY SECTOR

MNOK	
Equipment for the oil and gas industry	27,428
Ship equipment	3,588
Ships	44,071
Renewable and environmental technology	1,219
Other industries	192
Total	76,499

NUMBER OF LOANS BY INDUSTRIAL SECTOR



APPLICATION VOLUMES BY INDUSTRIAL SECTOR IN MNOK



LOAN AMOUNT BY INTEREST RATE (CIRR AND MARKET RATE)

MNOK	
CIRR loans	45,264
Market loans	31,234
Total outstanding loans	76,499

Discrepancies in totals of tables and figures may occur due to rounding.

A changing landscape

We have been through a turbulent year. Further drops in oil prices have brought about increased unemployment and weakened confidence in the Norwegian economy. The influx of refugees to Europe has altered the political agenda in many countries. Norway is not unaffected.

Global growth was acceptable, at three per cent compared to trend growth of 3.6 per cent, and China remains a key factor in future economic developments.

The Norwegian economy faces far tougher conditions going forward, while economic sectors exposed to the country's oil and gas industry are experiencing the most challenging situation in living memory. Market conditions are both demanding and difficult. At the same time, the Norwegian currency's depreciation, lower wage inflation and improved access to necessary expertise, have markedly improved the general competitiveness of the Norwegian export industry. For many companies, this significant improvement in competitive ability means that the time has come to invest. Norway needs new jobs. There are opportunities for offensive private owners. Looking beyond Norway's borders, low oil prices are good news for many parts of the world. Growth can be expected in many markets.

Export Credit Norway will support the oil and gas and maritime sectors during this ongoing and future restructuring processes. These export industries account for a clear majority of the company's business, and face several years of difficult conditions. A clear shift of focus into new segments was already apparent in the maritime equipment industry in 2015, while competition in the oil and gas sector hardened, with companies competing for

a reduced number of projects. These changes will also impact Export Credit Norway's lending portfolio in the years ahead.

Export Credit Norway is strengthening its initiatives towards small and medium-sized businesses (SMBs). These businesses employ a big share of Norway's working population, and I expect much of Norway's future job creation to occur in this segment. In 2015, the company received almost three times as many applications from mainland industry as in its first year of operation. This increase is probably due to a combination of improved competitiveness and more intense marketing, as well as the tailoring of products for this particular sector.

The business sector will look different in the future. The present market situation demands rapid adjustment by Export Credit Norway to altered customer needs. Simplification and cooperation with other actors possessing relevant export products will help ensure that export financing remains an important instrument going forward. This is our best contribution to boosting competitiveness and value creation among Norwegian companies.



Jarle Roth
Chief Executive Officer



2 Introduction to the company and headline figures

Export Credit Norway manages the export credit scheme on behalf of the Norwegian state and the Ministry of Trade, Industry and Fisheries. The company's primary objective is to promote Norwegian exports by providing competitive, accessible and effective financing.

Export Credit Norway provides loans for export financing in the form of Commercial Interest Reference Rate (CIRR) loans and CIRR-qualified market loans on commercial terms. CIRR loans are fixed-interest loans made in accordance with the OECD Arrangement on Officially Supported Export Credits. The company's credit guidelines state that all loans must be 100 per cent guaranteed by state export guarantee agencies and/or financial institutions with solid credit ratings. All loans are recorded in the central government balance sheet, and the state is liable for the obligations the company incurs in connection with its lending activities. The company advises its customers on all aspects of the financing process, including sales and marketing of products and services, application processing, commitments, the negotiations of loan agreements and loan documentation, and the disbursement and follow-up of loans. The company gives great emphasis to ensuring that no losses are made on loans due to deficient documentation, pricing, credit assessment, loan follow-up or compliance with applicable rules and regulations.

Export Credit Norway administers the export credit scheme in accordance with the requirements laid down by the authorities in governing documents. The government requires the export credit scheme's cash flow to be kept separate from the operations of Export Credit Norway. This is achieved by linking cash flow from the export credit scheme directly with the state's group accounts system, which is administered by Norges Bank (the central bank of Norway). The annual accounts of the export credit scheme are presented as part of the central government accounts, in accordance with the government's cash principle.

The company's business is regulated by the Act relating to Eksportkreditt Norge (the Export Credit Act) and the Export Credit Regulations. Together with the OECD Arrangement on Officially Supported Export Credits (the Arrangement) and its subsidiary agreements, the Regulations determine which contracts may be financed and the terms included in loan agreements.

2.1. HEADLINE FIGURES

At the end of 2015, Export Credit Norway's lending balance totalled NOK 76.5 billion. During the course of the year, the company received a total of 275 applications representing a combined application volume of NOK 120.1 billion. In comparison, the company received 308 applications amounting to an application volume of NOK 133.2 billion in 2014. Export Credit Norway calculates a probability-adjusted order book, which is the company's best estimate of future loan disbursements linked to received loan applications. The probability-adjusted order book amounted to NOK 21.3 billion as at 31 December 2015, compared to NOK 37.1 billion as at the same date in 2014. Of this NOK 15.5 billion is expected to be disbursed in 2016.

The company received NOK 100.0 million in operating and investment grants from the government in 2015, all of which was recorded as income. The operating costs excluding depreciation totalled NOK 97.9 million. The annual accounts for 2015 show a profit of NOK 1.1 million after tax. The company's equity amounts to NOK 45.4 million, and is not exposed to any significant financial risk. The company's liquidity is strong.

2.2. THE BOARD OF DIRECTORS

Export Credit Norway's board of directors includes representatives with a wide range of backgrounds from business, politics and the public sector. The board comprises chairwoman Else Bugge Fougner, Siri Beate Hatlen, Trude Husevåg, Arild Vik, Finn Ivar Marum, Jørgen Hauge (employee-elected representative) and Marie Sørli (employee-elected deputy representative and observer). Arild Vik was elected a board member in May 2015, replacing board member Øivind Rue. All board members are independent.



Else Bugge Fougner

(born 1944) has been chairwoman since June 2012. She holds a law degree from the University of Oslo, and works as a Supreme Court attorney and partner at the law firm Hjort DA. She is a former Minister of Justice, and has considerable board experience from various large Norwegian enterprises. Her board appointments include that of chairwoman at Kommunalbanken AS and board member at Protector Forsikring ASA, Aberdeen Eiendomsfond Norge II ASA and Aker Kværner Holding AS. Ms Bugge Fougner attended 13 board meetings in 2015.



Siri Hatlen

(born 1957) has been a board member since June 2012. She holds a Master of Science degree from NTNU and a Master of Business Administration degree from INSEAD. She is a member of various boards, including those of the Nobel Peace Center, Norske Skog ASA, Sevan Marine ASA and Entra AS. She is also a member of the Norwegian Board of Technology and the joint board of the Norwegian University of Life Sciences (NBMU). Ms Hatlen has previously been managing director of Oslo University Hospital and a vice president at Statkraft AS, and held various positions within Statoil ASA. She attended 13 board meetings in 2015.



Trude Husevåg

(born 1974) has been a board member since June 2012. She holds an economics degree from the Norwegian School of Economics. Ms Husevåg is the Director of User Services at Skatt Vest (Western Norway tax authority), and was previously CFO at the insurance company Frende Livsforsikring AS. She has also held positions at Argentum Fondsinvesteringer AS and Pricewaterhouse Coopers DA. Ms Husevåg attended 13 board meetings in 2015.



Arild Vik

(born 1962) has been a board member since June 2015. He holds an economics degree from the Norwegian School of Economics. Mr Vik runs the consultancy firm Arivi AS, and has led KNOT Offshore Partners LP in Aberdeen since 2013. He previously held various positions in the Knutsen group and DNB (from 1991) where he worked with shipping and offshore financing. Mr Vik was elected in June 2015, and attended all subsequent board meetings (seven in total).



Finn Ivar Marum

(born 1967) has been a board member since June 2012. He holds a Master of International Affairs degree from Columbia University. Mr Marum heads up the Institutions and Family Office at the wealth management firm Formuesforvaltning AS. He is a member of various boards, including those of Nortek AS and African Century Infrastructure Services. His former positions include that of senior partner at the investment company HitecVision and posts with Kistefos AS, Ernst & Young AS and Statoil ASA. He attended 13 board meetings in 2015.



Jørgen Hauge

(born 1959) (employee-elected representative) has been a board member since November 2012. He holds an economics degree and a Master of Business Administration degree from the Norwegian School of Economics. Mr Hauge has special responsibility for Export Credit Norway's at-risk loans. He has previously worked for Eksportfinans ASA and the Financial Supervisory Authority of Norway. Mr Hauge attended 12 board meetings in 2015.



Marie Sørli

(born 1975) (employee-elected deputy representative and observer) has served as observer since November 2014. She holds an economics degree from the Norwegian School of Economics. Ms Sørli is a project manager in Export Credit Norway's project and loan administration department. Her previous positions include posts at Eksportfinans ASA, Deloitte Consulting and the Ministry of Petroleum and Energy. Ms Sørli attended 12 board meetings in 2015.

2.3. EXECUTIVE MANAGEMENT AND ADMINISTRATION

Export Credit Norway's senior executives have broad industry and export financing experience.



Jarle Roth

is the company's CEO. He has previously served as Deputy Chief Executive of the Umoe Group and CEO of Unitor ASA and the Umoe Schat-Harding Group. Mr Roth is deputy chairman of Ekornes ASA, and a member of the board of Kongsberg Gruppen. He is a former chair of Norske Skog ASA, and has also been a director of various companies within both the industrial and maritime sector.



Eli Skrøvset

is Export Credit Norway's CFO. She has extensive energy-sector experience, and was previously Finance Director and CFO at Statkraft. She also has experience from the Ministry of Petroleum and Energy. Ms Skrøvset is a director of E-CO Energi Holding AS and Avinor AS.



Olav Einar Rygg

is the company's EVP Director of Lending – Shipping and Offshore, and acted as Export Credit Norway's CEO for its first 100 days of operation. Mr Rygg has previously held various executive positions at Eksportfinans ASA, most recently that of Director of Lending.



Ivar Slengesol

is Export Credit Norway's EVP Director of Lending – Industry and Renewable Energy. Mr Slengesol previously held the post of Business Development Director at Eksportfinans ASA. He has experience from start-ups in the renewable energy sector, as well as from Shell and the World Bank.



Jostein Djupvik

is Head of Project and Loan Administration. He previously held several positions within Eksportfinans ASA, most recently that of head of the project and loan administration department. Mr Djupvik also has experience from the Ministry of Trade and Industry.



Tobias Hvinden

is Legal Counsel – Head of Legal. He previously worked for Eksportfinans ASA as in-house counsel and head of legal and compliance. He has also practised law at the law firms Kvale Advokatfirma DA and Advokatfirmaet Grette DA.



Ellen B. Svaheim

is Head of Communications. ¹ Her previous experience includes posts in the communications departments of Eksportfinans ASA and Canon Norge, as well as positions with Gyro Marketing and Norges Bank Investment Management.

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At the end of 2015, Export Credit Norway had a total of 47 employees. The majority of the company's staff are economists and lawyers.

¹ Ellen B. Svaheim has led Export Credit Norway's communications department since the company's establishment in 2012. She joined the company's management group on 1 December 2015.

2.4. EXPORT CREDIT NORWAY'S PUBLIC MANDATE AND CORPORATE SOCIAL RESPONSIBILITY

Export Credit Norway's public mandate is to promote Norwegian exports by providing competitive, accessible and effective export financing. By helping Norwegian exporters to win contracts abroad, the company helps to boost investment and secure jobs in Norway. There are close links between the company's public mandate and corporate social responsibility. The public mandate to promote Norwegian exports is supported by efforts to ensure sustainability by integrating environmental and social considerations into the company's lending assessments and loan follow-up. Emphasis is also given to focusing on responsibility in Export Credit Norway's own business conduct and operations. The company's corporate social responsibility is to promote Norwegian exports in a responsible and sustainable manner.

In 2015, Export Credit Norway conducted a materiality analysis of the company's public mandate and corporate social responsibility. The analysis adopted the Global Reporting Initiative (GRI) methodology for defining best practice relating to corporate social responsibility reporting.² Since its launch, Export Credit Norway has focused its corporate social responsibility efforts on areas in which it is exposed to the greatest risk and has the greatest opportunities to exert influence. This applies primarily to various environmental and social conditions and anticorruption work in the context of the company's loan transactions. The sustainability in loan transactions and responsible in-house conduct are corporate social responsibilities of the company which support the public mandate to promote Norwegian exports. Reliable lending assessments and loan follow-up, anti-corruption work and steps to prevent money laundering are crucial. In combination

with sound, proper expertise, ethics and integrity, these measures constitute the foundation for Export Credit Norway's corporate social responsibility. This work is, and will continue to play an important role in the company's future corporate social responsibility work.

Promoting Norwegian exports

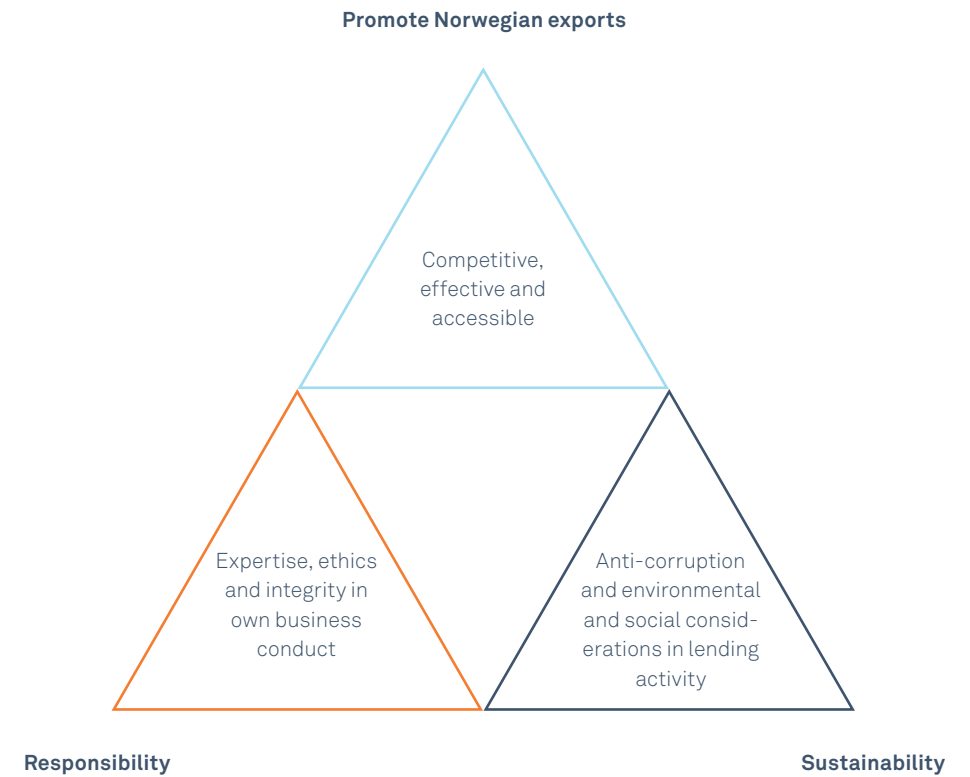
Export Credit Norway's primary objective is to offer competitive, effective and accessible export financing. The objective is defined by the company's owner, and entails promoting Norwegian exports by ensuring that export credits are available on terms as favourable as those offered by competing countries, subject to compliance with international agreements. Other requirements are to ensure effective organisation of the company's operations, including effective risk management, pricing, establishment and follow-up of loans and loan documentation, and that the company's products and services are well known to its customers and partners.

Export Credit Norway also helps promote Norwegian exports and ensure the availability of robust export financing by collaborating with GIEK and other policy instruments and stakeholders, such as the company's owner, existing and potential guarantors, customers and trade organisations. Such cooperation is key to the general success of the export credit scheme. Export Credit Norway's staff have thorough knowledge of Norwegian exports and export financing. The company serves as an export financing resource centre for its owner, customers and partners.

Sustainability

It is in the financing of individual transactions that Export Credit Norway can make a difference and best exercise its corporate social responsibility. In the context of efforts to ensure sustainability, it is

FIGURE 1 - EXPORT CREDIT NORWAYS CORPORATE SOCIAL RESPONSIBILITY



- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Good ethics • Advisory body for our owner and promoter of a good and responsible international framework • Open and efficient stakeholder engagement • Retain and attract competent employees • EHS for employees | <ul style="list-style-type: none"> • Competitive export credit financing • Accessible export credit financing • Effective export credit financing • Knowledge center for Norwegian exporters and collaborator for GIEK, other guarantors and other officially supported public instruments | <ul style="list-style-type: none"> • ESG knowledge in loan assessment and the following up. • Anti-corruption and money laundering • Sustainable lending to low-income countries. |
|---|--|--|

² The Global Reporting Initiative (GRI) was founded in 1997 for the purpose of making a reliable and credible framework for corporate social responsibility reporting available to all organisations, irrespective of size, industry and geographical location.

important to ask the right questions and impose the right requirements on the parties involved in the transactions, so that projects are implemented responsibly. Breaches of environmental and social conditions can constitute a substantial risk, and caution in this regard is integrated into both the assessments the company conducts when concluding new loan agreements and follow-up of the existing lending portfolio. Export Credit Norway also invests considerable resources in anti-corruption efforts and measures to combat money laundering.

Responsibility

Sound international guidelines are a fundamental prerequisite for responsible export financing. Export Credit Norway promotes the adoption of sensible conditions by supporting international work relating to export financing. This applies particularly to efforts in the OECD and the development of the Common Approaches.³ The company has also adopted the Equator Principles to support the work being done to advance responsible assessment and follow-up of project financing provided by major international banks.⁴

The company seeks to ensure that its own staff have a positive and inspiring working environment. Measures to ensure gender equality and diversity have been integrated into the company's activities relating to HR, recruitment and pay. Emphasis is given to ensuring that procedures and processes enable staff to perform their duties in a proper manner and with a high standard of integrity. The company aims for a transparent dialogue with its stakeholders regarding processes and results.

2.5. STAKEHOLDERS

Export Credit Norway's activities affect a range of national and international stakeholders, who in turn have an impact on the company's business operations. In 2015, Export Credit Norway conducted

an expectation survey among its most important stakeholders. Figure 2 provides an overview of the company's stakeholders, while Table 1 illustrates the survey results.

The company has an important role in the activity of *exporters and their customers*, and its success is directly affected by their success. Moreover, the company works closely with *guarantors*, who are affected by the company's management of its loans. Export Credit Norway is impacted by, among other things, the requirements guarantors impose on borrowers in transactions. The company's *owner* (the Ministry of Trade, Industry and Fisheries, or NFD) formulates Export Credit Norway's mandate. Export Credit Norway's impact on Norwegian industry and businesses, and the Norwegian economy, has to be considered by the company's owner. *Other export credit agencies (ECAs) and international standard-setters*, such as the OECD and the Equator Principles (EP), define how export credits should be administered. Export Credit Norway is actively involved in the development of these for the benefit of Norway and the international community.

It is important for Export Credit Norway to attract and retain talent, and efforts are therefore made to ensure that the company is a positive, inspiring workplace for its staff. Partners and policy instruments like GIEK and Innovation Norway are further important factors in the company's achievement of its objective to promote Norwegian exports. Stakeholders may challenge the company through critical examination of its business activities. This is useful feedback for both Export Credit Norway and its owner, and a helpful instrument for improving and optimising performance of the company's mandate.

FIGURE 2 - EXPORT CREDIT NORWAY'S STAKEHOLDERS



TABLE 1 - MORE ABOUT EXPORT CREDIT NORWAY'S STAKEHOLDERS

Stakeholder dialogue is a key aspect of Export Credit Norway's daily operations. Table 1 provides an overview. The company aims to develop its stakeholder dialogue further in 2016, not least by developing and communicating clear principles for the stakeholder dialogue and considering a further, systematic approach to different interest groups. The company currently holds 10–12 stakeholder meetings a year, covering different groups including trade organisations, partners and the authorities. In addition, around 800 customer meetings with Norwegian exporters and their customers took place in 2015.

³ The Common Approaches are the OECD's guidelines on assessing and following up on environmental and social conditions in projects for which member states provide officially supported export financing.

⁴ The Equator Principles are a set of voluntary guidelines for financing of large projects based on the Performance Standards issued by the World Bank's body for project cooperation with the business sector, the International Financial Corporation (IFC). Export Credit Norway adopted the principles in 2014.

STAKEHOLDER**DIALOGUE****Owner**

Ministry of Trade,
Industry and Fisheries

Continuous dialogue on current operations and activities, including monthly reports, contact meetings at least twice a year, the annual general meeting, the annual corporate social responsibility meeting and joint participation in meetings of the OECD and other relevant forums.

Customers

Exporters and
borrowers

Export Credit Norway seeks to serve its customers through individual dialogue, marketing measures, information provided through the company's general communication channels and participation in different industry forums, seminars and conferences. Export Credit Norway also arranges customer seminars, either independently or jointly with banks, trade associations, trade organisations, GIEK and Innovation Norway.

Guarantors

GIEK and Norwegian and
international banks

Export Credit Norway works closely with GIEK on a daily basis, and also engages in continuous direct dialogue with other guarantors such as Norwegian and international banks.

Partners

Innovasjon Norway, Enova,
OECDs contact point

Export Credit Norway collaborates with other organisations which are relevant to promote Norwegian exports and sustainable business activity. The work focuses on product development, coordination between public institutions and events for companies in many parts of the country. Export Credit Norway conducts annual dialogue meetings with the company's most important partners and other policy instruments.

Other ECAs* and international standard-setters such as the OECD and the Equator Principles

Export Credit Norway participates in the development of the standards set by the OECD and the Equator Principles (EP). ECAs and large international banks exchange information in specific transactions, at meetings and seminars, and during joint meetings of the OECD and EP.

Staff

Export Credit Norway has a flat organisational structure. Staff surveys are carried out every two years to evaluate the working environment. In addition, annual safety inspections are conducted, and a large proportion of staff are members of trade unions.

Trade organisations and interest groups

Export Credit Norway engages in direct dialogue with national stakeholder groups which contact the company. Internationally, hearings are held in the OECD at which civil society organisations comment on the work of the ECAs. Export Credit Norway arranges annual dialogue meetings with the most important stakeholder groups, and organises a forum for the company's customers.

EXPECTATIONS

The Ministry of Trade, Industry and Fisheries' assignment letter expresses an expectation that Export Credit Norway should promote Norwegian exports by offering *competitive, accessible and effective* export financing without compromising on environmental and social standards. There is a particular focus on solutions for small and medium-sized businesses and projects to develop new knowledge and technology. There are also clear expectations that Export Credit Norway will function as a specialist advisory body and resource centre, and contribute to efforts to develop sound international guidelines on export financing.

Guidelines for public enterprises reflect the ownership policy in force at any given time, including expectations regarding corporate social responsibility, governance and management. The state expects Export Credit Norway to set an example in terms of corporate social responsibility in its area of operation.

Exporters and borrowers want competitive, effective and accessible export financing products that offer conditions at least as favourable as those available in other countries. Some exporters would also like Export Credit Norway to be able to employ measures to promote specific industries and forms of export. Several exporters and borrowers have stated that they find the advice and clear guidelines and conditions useful.

Guarantors are focused on Export Credit Norway's loan documentation and follow-up, as well as price and loan tenors. Since Export Credit Norway and the guarantors often have similar and parallel processes, for example relating to the Equator Principles, the guarantors also see a need for Export Credit Norway to be transparent about its approaches, not least so that others can learn from them.

The partners are focused on achieving the joint objective of internationalising the Norwegian business sector. Measures to reach small and medium-sized businesses and promote new technology are important. The shift towards a green economy is also an increasingly frequent agenda item.

Export credits are regulated by the OECD, and Export Credit Norway is expected to comply with the regulations and be transparent about its transactions vis-à-vis other OECD members. The same applies with respect to other adoptees of the Equator Principles.

Export Credit Norway's staff want the company to perform its public mandate and meet its corporate social responsibility in a responsible and sustainable manner. Staff are also focused on having a positive and inspiring working environment, and expect an appropriate degree of gender equality and diversity in the company.

Trade organisations such as the Norwegian Shipowners' Association, INTSOK and INTPOW want Export Credit Norway to provide suitable financing tools for their members. Environmental organisations such as Bellona and Zero have stated that Export Credit Norway and GIEK should be granted wider mandates to make them more effective instruments for promoting the green shift in the economy. Organisations such as ECA Watch are focused on the potential effect of export financing on the environment, vulnerable groups and developing countries which may, for example, find it difficult to make repayments.

* Export Credit Agency



3 Promoting Norwegian exports

New strategy plan:

restructuring – not just for industry, but Export Credit Norway too

Norwegian export sectors developed differently in 2015. The oil and gas supplier industry faced generally difficult market conditions, with a correspondingly high need to restructure. At the same time, many other export sectors were able to strengthen their position due to the depreciation of the Norwegian krone against other currencies. These macro-changes also influenced Export Credit Norway's activities and application numbers in 2015.

The company's public mandate is to promote Norwegian exports through competitive, accessible and effective export financing. The current market situation presents a significant need to restructure large portions of the Norwegian export industry, and many Norwegian exporters of capital goods and services face extensive realignment processes. In the given circumstances, it is both proper and necessary for Export Credit Norway to adapt its own processes to meet customers' altered market needs. This is done by taking steps to secure appropriate expertise and the right organisational structure, so that effective, attractive and accessible export financing can also be delivered in the future. Further, market changes and political expectations make it important for Export Credit Norway to ensure that it offers the right products and services, and to provide the best possible support for the export industry's restructuring process. Efforts must be made to ensure that the export policy instruments

make a coordinated and optimal contribution in challenging market conditions. The present situation presents industry and Export Credit Norway with both challenges and new opportunities.

At a time of upheaval for many businesses, Export Credit Norway has to support both traditional value chains in the oil and gas industry which now need extra help during restructuring and other industries which – in the same market – are benefiting from a weaker Norwegian krone, continuing low interest rates and improved access to qualified labour. Export Credit Norway is seeking to provide the supplier industry in all sectors with maximum commercial and sales support during the ongoing transformation process. For the company, this means tough prioritisation of its resources. In many respects, Export Credit Norway's portfolio reflects the dual nature of the Norwegian economy. On the one hand, the company makes efforts on behalf of large oil and gas actors; on the other, it supports small and medium-sized businesses competing for contracts in a wide range of different sectors. Both customer groups need additional assistance from Export Credit Norway in the current market situation, and the size of an exporter or export contract does not necessarily reflect Export Credit Norway's effort and resource investment. Small and medium-sized businesses consume far more resources per norwegian krone disbursed.

The company prepared a new strategy plan in 2015 with the aim of meeting the needs of both large exporters, particularly in the oil and gas industry, and exporters experiencing positive development during the year. By improving its strategy plan, Export Credit Norway hopes to raise awareness of – and introduce – sales and business tools to promote proper prioritisation of its resources. The new plan was approved in 2015, and implementation began in the autumn.

To be prepared for the future, Export Credit Norway must continue to build on its values and experience while also innovating and taking a broader view. To ensure success in this regard, the company has identified several development projects intended to promote organisational innovation, adjustment and improvement in view of future export industry needs.

The *previous* strategy plan identified the following challenges as the most important:

- Also providing a satisfactory range of export financing products for the SMB sector and mainland industry
- Cooperating with GIEK as though the two companies were a single entity, while still exploiting the benefits of being separate units
- Building a skilled, ambitious organisation over time

The range of export financing products on offer to the SMB sector and mainland industry has been improved and simplified through close collaboration with GIEK. The steps taken include the launch of a simplified financing solution for small and medium-sized export contracts⁵ and related marketing efforts. Cooperation with GIEK is generally considered productive, although there will be a strong focus

on further streamlining of the collaboration and its continuous improvement. Positive cooperation has also been established with Innovation Norway, not least through the sharing of human resources at Innovation Norway's office in Rio de Janeiro. Similar arrangements have since been made in Houston and Singapore.

The Export Credit Regulations and credit policy limits were revised in 2015, with updated versions taking effect on 1 October. The company has systematically surveyed new parts of the Norwegian export industry, and new market segments are under development. There was a considerable focus on data quality during the year, and this remains a priority for the company. Export Credit Norway also launched a project to improve its reporting on corporate social responsibility work, as well as its follow-up and integration of anti-corruption efforts. The organisation is functioning effectively, and received positive feedback in regular and annual customer surveys. Nevertheless, the company has a strong desire to continue developing and improving its expertise for the benefit of its customers.

The company has followed up on the main priorities in the previous strategy plan. The existing priorities largely reflect and reinforce the areas identified for Export Credit Norway in the assignment letter from the Ministry of Trade, Industry and Fisheries. Based on the platform defined in the previous strategy plan, and taking into account the need for industrial restructuring in Norway, the company has identified the key priorities for the current strategy period:

Sales management and advisory role

– Be among the best sales and marketing organisations in Norway. Learn from best practice and standardise exporter and borrower follow-up.

Develop integrated market and financing understanding and provide customers with information and guidance at the right level and at the right time.

Marketing channels and digitisation of marketing work

– The right marketing channels, strong market-places and use of technology to reach potential and existing customers; simplify and effectiveness.

Coordinate, exploit and expand

– Exploit synergies and expertise possessed by other policy instruments, and evaluate the need for new products.

Corporate social responsibility

– Clearer guidelines for the assessment of risk relating to environmental and social conditions, stronger focus on anti-corruption efforts in new and challenging markets, clearer guidelines for gender equality and diversity at work and improved reporting to promote closer stakeholder dialogue.

Expertise, organisation and internal control

– Secure the requisite expertise and ensure efficient processes, including through the development of talent and utilisation of all resources.

Customer survey results

In 2015, for the third year running, Export Credit Norway conducted customer surveys as part of its internal performance evaluation. Three surveys were conducted, which together covered the company's various user groups:

1. Customer survey among borrowers and exporters in 2015
2. Exporter survey among exporters and potential exporters that had not previously applied for

financing from Export Credit Norway.

3. Stakeholder survey among guarantors, financial institutions, authorities and industry organisations, etc.

The surveys were carried out by Oxford Research on Export Credit Norway's behalf. All the surveys were conducted in February 2016.

In total, 70 borrowers, 109 exporters and 388 potential exporters were asked to participate in the surveys. The exporter group had the highest response rate (33 per cent), followed by borrowers (23 per cent) and potential exporters (18 per cent). In addition, 15 stakeholders were interviewed in-depth. Oxford Research has emphasised that the number of respondents (120) provides a reasonably robust basis for drawing conclusions, even though the overall response rate fell somewhat compared to last year.

The general impression from the customer surveys is that the different target groups are satisfied with Export Credit Norway. Oxford Research has highlighted the following findings:

- Overall, 83 per cent of exporters reported that Export Credit Norway's products and services are well adapted to their needs. The corresponding figure for borrowers is 87 per cent. All of the surveyed target groups were highly satisfied with the interest level, repayment periods and service level.
- Export Credit Norway's products and services are generally regarded as competitive by exporters (72 per cent) and borrowers (87 per cent). Loans from Export Credit Norway are relatively important to exporters in terms of improving profitability (58 per cent), competitiveness (86 per cent), and promoting the devel-

⁵ A joint SMB solution was launched at the end of 2014, but marketing of the new measure primarily occurred in 2015.

opment of new knowledge (56 per cent).

- Awareness of Export Credit Norway's products and services is generally strong, and somewhat improved since 2014. On the whole, the larger businesses participating in the survey were more aware of Export Credit Norway than smaller enterprises. Of the exporters who have used Export Credit Norway, 70 per cent stated that they were highly familiar with the company, while the corresponding figure for borrowers was 81 per cent.
- Export Credit Norway continues to enjoy a solid reputation. Among exporters, 67 per cent stated that the company has a strong focus on corporate social responsibility. The corresponding figure for borrowers is 86 per cent.
- Additionality is considered to be high⁶. Some 77 per cent of the respondents stated that their project would not have been realised, or would have been realised on a smaller scale, if Export Credit Norway had not provided financing. It is estimated that 40 øre of every 1 krone of exports financed by Export Credit Norway would not have been realised without the company's financing. This represents an increase from last year's figure of 36 øre.

3.1. COMPETITIVE EXPORT FINANCING

3.1.1. Guiding principles

Export Credit Norway aims to provide competitive export financing. In this context, "competitive" means that Norway's officially supported export credits must be offered on terms as favourable as those available in competing countries, subject to compliance with international agreements. Within the export financing framework, Export Credit Norway must seek to adapt its solutions to customer needs. The company is also mandated to support the ongoing development of the international

regulatory framework in cooperation with the Ministry of Trade, Industry and Fisheries, and to function as a specialist advisory body to the Ministry on relevant export policy issues.

The most important factors influencing whether stakeholders regard Export Credit Norway's products and services as competitive are the repayment period and lending rate. Cooperation with GIEK and banks, as well as follow-up and individual customer service, also plays a major role in customer satisfaction.

3.1.2. Work done and results in 2015

Export Credit Norway's lending-related marketing targets both the Norwegian supplier industry and Norwegian and international borrowers. The Norwegian offshore oil and gas supplier industry faced challenging market conditions in 2015 as a result of reduced investment and activity across the sector in response to falling oil prices and cost-cutting among oil companies. Throughout 2015, Export Credit Norway worked actively with relevant suppliers in the sector to support them in the battle for a dwindling number of new projects.

Historically, the majority of the offshore-sector application volume has related to the financing of offshore ships and rigs. In 2015, Export Credit Norway saw a shift in the focus of applications, with an increasing number of enquiries concerning financing for FPSOs⁷, subsea technology and field development in general. Contact was also established with SMBs in the sector, which are now refocusing on new markets. A similar trend was observable in the maritime sector, with an increased emphasis on non-offshore sectors. Export Credit Norway designs its outreach marketing activities to stay ahead of these developments, and in 2015 gave priority to targeting sectors such as merchant

TABLE 2 - NUMBER OF LOANS PER SEGMENT AS OF 31.12.2015

SEGMENT	231	76,499	100 %
Industrial segment	Number of loans	Loan amount	%
Ferries	30	17,694	23.13 %
Equipment for construction vessels	15	17,584	22.99 %
Wind energy	63	11,869	15.52 %
Solar	11	8,459	11.06 %
Infrastructure	28	8,430	11.02 %
Other equipment for the oil and gas industry	17	5,477	7.16 %
Equipment for anchor handling tug supply vessels (AHTS)	12	1,423	1.86 %
Equipment for fishing boats	4	1,024	1.34 %
ICT	6	889	1.16 %
Equipment for well boats	1	601	0.79 %
Equipment for jack-ups	5	462	0.60 %
Equipment for platform support vessels (PSV)	1	452	0.59 %
Equipment for ferries	2	361	0.47 %
Offshore wind energy vessels	1	305	0.40 %
Equipment for other offshore-related vessels	2	304	0.40 %
Other industries	4	303	0.40 %
Fish farming equipment	1	265	0.35 %
Equipment for semi-submersible rigs	3	179	0.23 %
Equipment for other vessels	4	151	0.20 %
Equipment for drill ships	9	125	0.16 %
Other offshore-related vessels	2	74	0.10 %
Anchor handling tug supply vessels (AHTS)	6	45	0.06 %
Construction vessels	1	18	0.02 %
Platform support vessels (PSV)	3	5	0.01 %

shipping⁸, fisheries and aquaculture.

More borrowers in the offshore segment are experiencing financial challenges due to market developments. In its capacity as lender, Export Credit Norway has monitored affected companies in close consultation with the loan guarantors. Robust, close follow-up of borrowers in financial difficulty was a priority throughout 2015.

With regard to mainland businesses, which are primarily involved in small and medium-sized export contracts,⁹ the main development in 2015 was the new SMB solution, which is more reflec-

tive of market needs.¹⁰ For further information on the new solution, see section 3.2.2.

Customer surveys allow calculation of the scheme's contribution to Norwegian exports. This is done using the term "additionality". Additionality measures the probability that a contract/sale would have been completed if Export Credit Norway had not granted a loan.

An average additionality estimate is calculated based on responses received from both exporters and customers. Both groups are heavily involved in contract negotiations and purchase decisions, and

⁶ Additionality measures the probability that a contract/sale would have been completed if Export Credit Norway had not granted a loan.

⁷ Floating Production Storage and Offloading.

⁸ This segment includes merchant ships, cruise ships and ferries (carriage of goods or passengers).

⁹ Export contracts valued at less than NOK 100 million

¹⁰ The SMB solution was launched at the end of 2014, but has primarily been marketed in 2015.

TABELL 3 - ADDITIONALITY ¹¹

Additionality – would the contracts have been realised without financing from Export Credit Norway?	Weight	Total additionality estimate			Estimated effect		
		2013	2014	2015	2013	2014	2015
Yes	0	3 %	5 %	6 %	0	0	0
Probably	0.1	23 %	19 %	17 %	0.02	0.02	0.02
Probably, but not on the same scale	0.2	30 %	37 %	31 %	0.06	0.07	0.06
No, the contract/sale would probably have been cancelled	0.5	27 %	24 %	31 %	0.13	0.12	0.15
No	1	16 %	15 %	17 %	0.16	0.15	0.17
Total		100 %	100 %	100 %	0.38	0.36	0.40

are thus able to assess additionality reliably. Using both groups produces a more robust additionality estimate. The exporter and customer groups are weighted equally when estimating additionality.

The various additionality categories have different effects on exports. To take account of this, the different additionality categories are assigned different weights. This is illustrated in Table 3. To calculate Export Credit Norway’s effect on exports, the additionality estimate is combined with the weight assigned to each individual category.

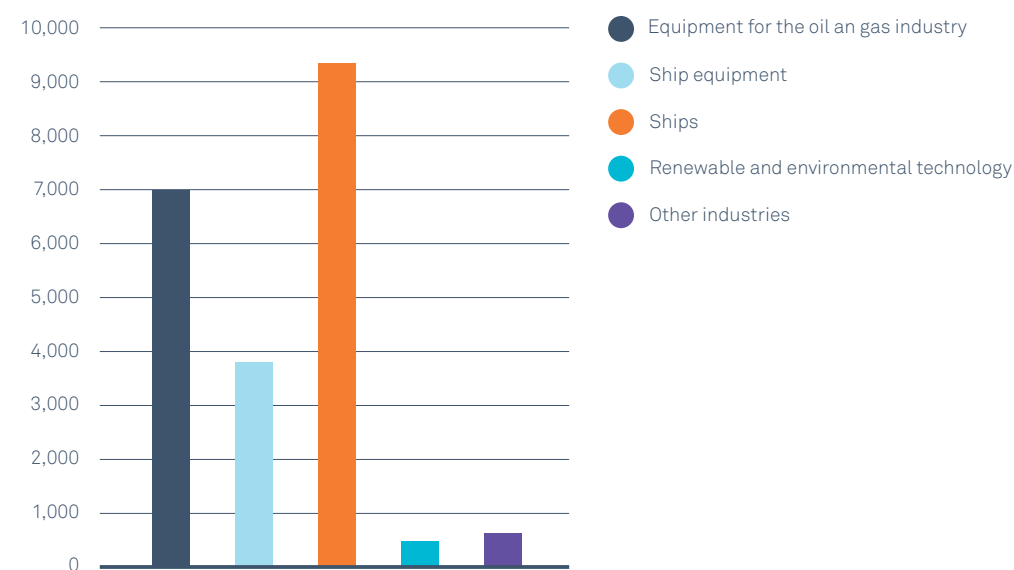
It appears that additionality varies with contract size. The data produced by this year’s survey only allowed Oxford Research to calculate an average additionality figure. However, since the survey has now been conducted for the third year in a row and the response rate and number of replies have increased, the basis for calculating additionality has improved. This provides a surer estimate of Export Credit Norway’s effect on exports.

Oxford Research has calculated that 40 øre of every 1 krone of exports financed by Export Credit Norway would not have been realised without the company’s financing. This means that Export Credit Norway has a strong trigger effect on Norwegian exports. These results should be considered in conjunction with any similar results reported by GIEK, since the lapse of either an export guarantee or export financing may cause the cancellation of the underlying export contract.

KEY FIGURES AND INFORMATION

- In 2015, Export Credit Norway:
- received **275** loan applications
 - disbursed **58** new loans with a lending value of NOK **18** billion
 - had a probability-adjusted order book totalling NOK **21.2** billion at year-end
 - achieved additionality of **40 øre** per 1 krone disbursed

FIGURE 3 - PROBABILITY-ADJUSTED ORDERBOOK BY INDUSTRIAL SECTOR IN MNOK AS OF 31.12.2015



3.1.3. Objectives and future priorities

The company’s primary objective with regard to competitive export financing is to provide the supplier industry with a relevant, competitive range of products in a changing market. Export Credit Norway aims to enable all exporters who qualify for export financing to use it as an effective sales argument vis-à-vis their customers. The steps taken to achieve this objective include systematic marketing and exploration of new sales and marketing channels to reach potential customers. Marketing is often conducted jointly and successfully with bodies such as GIEK and Innovation Norway. By participating in international forums, Export Credit Norway hopes to ensure that its products match those offered by the officially supported export credit schemes of other countries. Export Credit Norway will enhance its industry knowledge in certain key segments.

3.2. ACCESSIBLE EXPORT FINANCING

3.2.1. Guiding principles

Export Credit Norway is mandated to provide accessible export financing. The term “accessible export financing” refers to a known product from a company with a strong reputation domestically and abroad. The product must also be available to small and medium-sized Norwegian exporters and companies developing new knowledge and technology.

Export Credit Norway makes targeted efforts to ensure that its products are perceived as accessible. The measures pursued to improve accessibility are direct contact with companies and cooperation with bodies such as GIEK, Innovation Norway, Enova, banks, trade associations and various trade organisations. The company is also reinforcing its own marketing efforts by making more effective use of digital channels.

¹¹ The estimated effect for each additionality category is calculated by multiplying the total additionality estimate by the category’s weight. The aggregate estimated effect is then calculated by adding up the individual estimates. The analysis results show that there are no significant differences between the various industries as regards their additionality estimates. This means that an average estimate can be applied to all sectors. Nor are there any statistically significant differences between the average loan amounts in the individual additionality categories.

3.2.2. Work done and results in 2015

The company engaged in more marketing activity in 2015 than ever before. Among other things, Export Credit Norway arranged 25 joint customer events with GIEK. Many of these also involved Innovation Norway as main or co-host. Export Credit Norway arranged Norwegian Finance Days in Houston and Singapore, and both events attracted great interest. In addition, the company met various trade organisations and trade associations, including the Confederation of Norwegian Enterprise and Bedriftsforbundet. Export Credit Norway also co-organised the Export Conference in April 2015, at which the Export Award 2015 was handed out.

GIEK and Export Credit Norway launched their new solution for export contracts valued at less than NOK 100 million towards the end of 2014. The primary objective is to make export financing more accessible to SMBs. Among other things, the solution features simplified loan documentation, coordinated customer case teams and a joint, simplified application form. The solution has been marketed intensively, and been well received. Many exporters chose the new "SMB loan B" product, under which the exporter assumes the proportion of credit risk not covered by GIEK – typically 10 per cent of the loan amount. The Swedish Export Credit Corporation (SEK) visited Export Credit Norway to learn

about the simplified solution, and is considering introducing a similar concept for its export industry. Export Credit Norway received 113 applications from SMBs in all segments in 2015, compared to 69 applications from SMBs in 2014. The company regards the new joint SMB solution as a key factor in rising SMB demand. Exporters granted contract financing in 2015 gave positive feedback.

Export Credit Norway worked systematically to identify new customer relationships in 2015. In collaboration with GIEK, the company analysed 2,400 sub-contractors of MH Wirth and National Oilwell Varco before contacting small and medium-sized exporters who might potentially use export financing as a sales argument when selling to existing customers and the market in general.

More intensive marketing and the tailoring of products through the joint SMB solution have boosted demand in the form of applications from mainland industry in particular, which is dominated by small and medium-sized export contracts. In 2015, Export Credit Norway received 69 applications from mainland industry.¹² This represents an increase on 2014 (55 applications) and a tripling since the first year of operation (2012), when 24 applications were received.

"The clear profitability of the project and the flexible financing solution provided by Export Credit Norway and GIEK allowed Bergans to amend its plans, replacing a manual warehouse with an automated facility in Hamburg. Thanks to Export Credit Norway and GIEK's flexibility, we won the contract."

Dag Adler Blakseth, CEO of Element Logic

"We have had joint meetings with GIEK and Export Credit Norway, and the dialogue between the two companies has been seamless. We could not have succeeded without loans and guarantees from Export Credit Norway and GIEK."

Ole Henning Christensen, CEO of Safelink

In the area of environmental technology, demand remained stable in 2015, with the number of received applications approximately matching last year's figure. Overall, the Norwegian export industry linked to renewable energy has developed negatively in recent years. However, a milestone was reached in 2015, with Export Credit Norway's first loan disbursement for a solar energy project. The loan relates to the AGUA FRIA project in Honduras, and is based on deliveries from Scatec Solar.

The company received 48 loan applications concerning oil and gas equipment in 2015, compared to 46 in 2014. The number of ship and ship equipment applications fell sharply, from 154 in 2014 to 97 in 2015, on the back of developments in the offshore shipping market. The number of applications relating to other industries and environmental technology increased from 108 in 2014 to 130 in 2015.

New disbursements in the oil and gas equipment sector totalled NOK 7.7 billion, compared to NOK 9.6 billion in 2014. In the ship and ship equipment sector, disbursements amounted to NOK 9.2 billion in 2015, down from NOK 15.3 billion the previous year. The disbursement volume for other industries and environmental technology rose from NOK 274 million in 2014 to NOK 1.2 billion in 2015.

The largest drop in the probability-adjusted order book occurred in the oil and gas equipment sector,

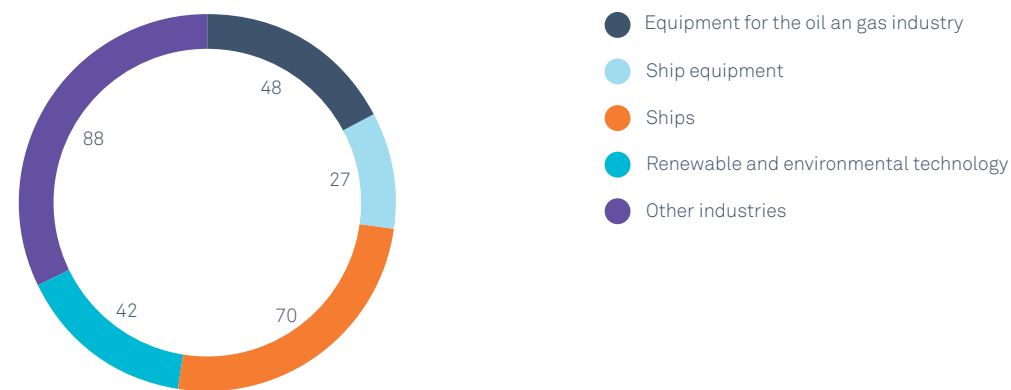
from NOK 19 billion at the end of 2014 to NOK 7 billion at year-end 2015. The drop is due, not least, to project cancellations and postponements and a substantially reduced completion likelihood for various projects with links to Brazil. The ship and ship equipment order book totalled NOK 13.1 billion as at 31 December 2015, compared to NOK 16.9 billion a year ago. The other industries and environmental technology order book was valued at NOK 1.2 billion at year-end 2015, the same level as at the end of 2014.

In the customer surveys, exporters and borrowers were asked to specify the degree to which the projects financed by Export Credit Norway had contributed to the development of new technology or knowledge, on a scale from 1 to 5, where 5 was the highest possible degree of new technology or knowledge development. 56 per cent of the exporters reported a value of 4 or 5, while 79 per cent of the borrowers did the same. This may indicate that there is also an indirect connection between the loans provided by Export Credit Norway and the development of new technology and knowledge.

Export Credit Norway's customer surveys are intended to support assessment of the export credit scheme's contribution to exports by Norwegian SMBs, and some 75 per cent of existing exporters reported being in this segment. On most of the survey questions, there were no statistically significant differences between the responses received

¹² Category: "Other industries".

FIGURE 4 - APPLICATIONS RECEIVED PER INDUSTRIAL SECTOR AS OF 31.12.2015



from small, medium-sized and large exporters who have used Export Credit Norway. In some areas, however, there are differences between SMBs and large businesses:

- Large businesses are more familiar with Export Credit Norway's products and services than SMBs.
- Small businesses are more satisfied with the advice and assistance they receive from Export Credit Norway in the context of identifying financial solutions.
- Large businesses are more satisfied with Export Credit Norway's market rates than SMBs.
- Large businesses are more satisfied with Export Credit Norway's negotiation process than SMBs.

The customer effect survey shows that customers regard Export Credit Norway's products and services as accessible. Some 89 per cent of exporters and 80 per cent of borrowers replied that Export Credit Norway's staff provided useful advice on financing solutions. Further, 86 per cent of exporters and 93 per cent of borrowers reported receiving timely, relevant feedback on their application.

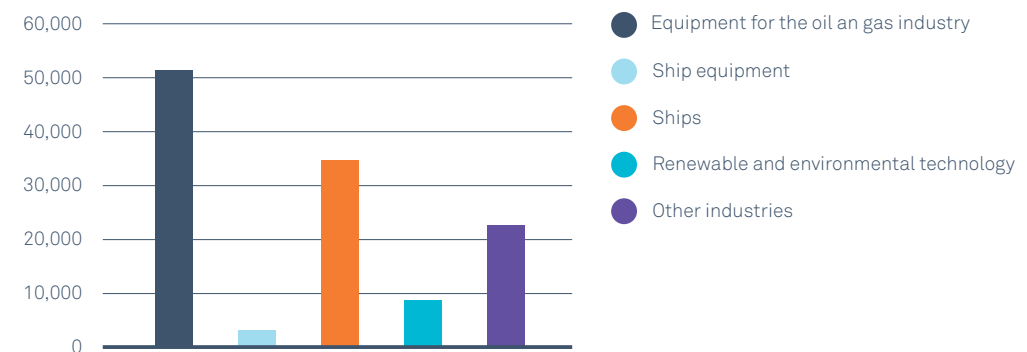
Finally, 93 per cent of both exporters and borrowers stated that Export Credit Norway's staff were accessible and easy to reach when needed.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- received **48** loan applications relating to oil and gas equipment, **70** applications relating to ships, **27** applications relating to ship equipment, **42** applications relating to environmental technology and **88** applications relating to other industries
- received **113** applications from SMBs, equivalent to a share of **41.1%**
- received **25** applications relating to innovative projects, equivalent to a share of **9.1%**
- received **67** applications through the new joint SMB solution with GIEK
- arranged **25** customer events in collaboration with GIEK
- held **799** customer meetings with existing or potential customers

FIGURE 5 - GROSS APPLICATION VOLUME PER INDUSTRIAL SECTOR IN MNOK IN 2015



3.2.3. Objectives and future priorities

To make export financing accessible to the supplier industry, Export Credit Norway will continue to engage in systematic marketing with other policy instruments and trade organisations. The company will also seek strong collaboration with banks close to suppliers in local markets. The strategic projects "sales management" and "marketing channels and digitisation of marketing work" will enable Export Credit Norway to learn from the best sales and marketing actors – and digital marketing leaders in particular – thus boosting expertise and capacity in these areas.

As regards maritime transactions, in 2015 the company laid a solid foundation for a stronger focus on the merchant shipping,¹³ fisheries and aquaculture sectors in response to restructuring in offshore-related segments. Several Norwegian yards and maritime equipment manufacturers are now focusing on these segments. In the case of oil and gas equipment suppliers, Export Credit Norway has begun systematically targeting Norwegian subcontractors lower down the supply chain who tradi-

tionally have not sold their products to end customers. The strategy adopted in 2015 is designed to enable Export Credit Norway to reach these companies during the ongoing restructuring of oil-related segments.

3.3. EFFECTIVE EXPORT FINANCING

3.3.1. Guiding principles

Effective export financing involves the efficient organisation of the company and efficient operations, including application processing. The company gives priority to effective risk management, including the pricing, establishment and follow-up of loans.

3.3.2. Work done and results in 2015

In terms of volume, the lending portfolio at year-end was dominated by loans to parties who derive their revenues from the oil and gas industry. This profile has remained stable for several years. In 2015, however, the number of applications relating to this segment declined sharply due to difficult market conditions. Two new trends were observed in 2015: 1. An increase in the number of applications relating to new industries and focusing on segments

¹³ This segment includes merchant ships, cruise ships and ferries (carriage of goods or passengers).

other than oil and gas drilling packages.

2. Restructuring of many existing loans linked to the oil and gas sector.

Point 1 requires Export Credit Norway to improve its expertise on and structure its processes for financing projects in segments other than oil and gas suppliers. Examples in this regard include financing for industrial and energy projects in countries with low GDPs, and the financing of fishing vessels and marine equipment.

In response to point 2, Export Credit Norway established a dedicated internal specialist team with responsibility for at-risk loans¹⁴ in 2015. The capacity of the group has been increased and emphasis has been given to developing reliable procedures and clear authorisations for the group's work, to ensure optimal implementation. The distribution of responsibilities between Export Credit Norway, GIEK and the banks is agreed individually in connection with loan assessment or restructuring.

Export Credit Norway systematically gathers feedback from borrowers regarding their views on the company's customer-interaction processes. This information is an important source of improvements to the company's own commercial activities. In 2015, borrowers generally evaluated process efficiency positively. For further information, see the discussion of the customer survey results in the introduction to chapter 3.

The lending portfolio

At the end of 2015, Export Credit Norway's lending portfolio of NOK 76.5 billion encompassed 231 loans. 59.2 per cent of the loans were CIRR loans, while 40.8 per cent were market loans. The average loan size varies considerably in the different industries.

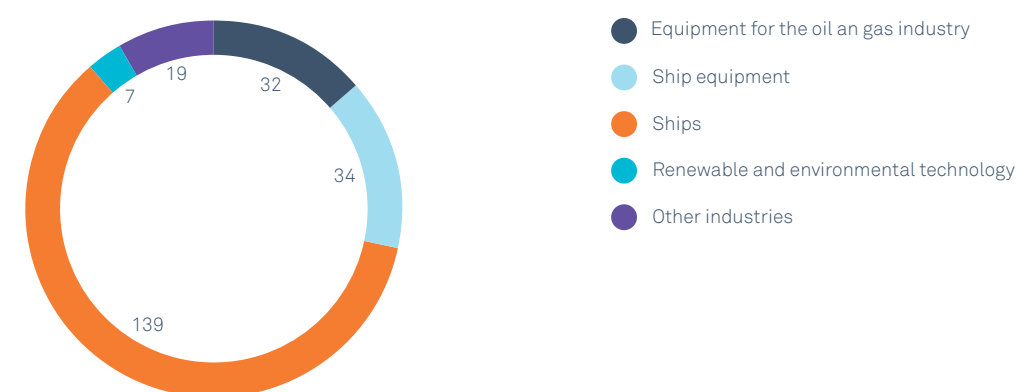
The largest loan sums are found in the oil and gas sector, where the average loan size was approximately NOK 860 million. The average loan size in the maritime industry was about NOK 320 million for ships and around NOK 100 million for ship equipment. The average environmental technology loan amounted to approximately NOK 180 million in 2015, while the average loan size for other industries was NOK 10 million. However, the majority of loans in the industry and environmental technology segment total less than NOK 10 million.

All loans are monitored by portfolio managers using the company's lending system. Each manager is responsible for a defined portfolio of loans. The system issues warnings when loans fall due for repayment, and about various tasks that have to be followed up on annually, semi-annually or quarterly, such as accounting information, key figures and insurance policies. Follow-up is conducted through contact with borrowers, agent banks and, in some cases, guarantors. In addition, interest payments and repayments are monitored and recorded. In the event of any missed payments, the affected parties are notified. Variable interest loans often feature a fixed margin for parts of the loan's maturity. If a so-called margin lapse occurs, a new margin is set, often for a period of between three and five years, as agreed with the borrower and guarantor(s). All loans provided by Export Credit Norway are secured by guarantees. If a guarantee has a shorter maturity than the loan it secures, this will also be notified sufficiently early so that a new guarantee can be issued.

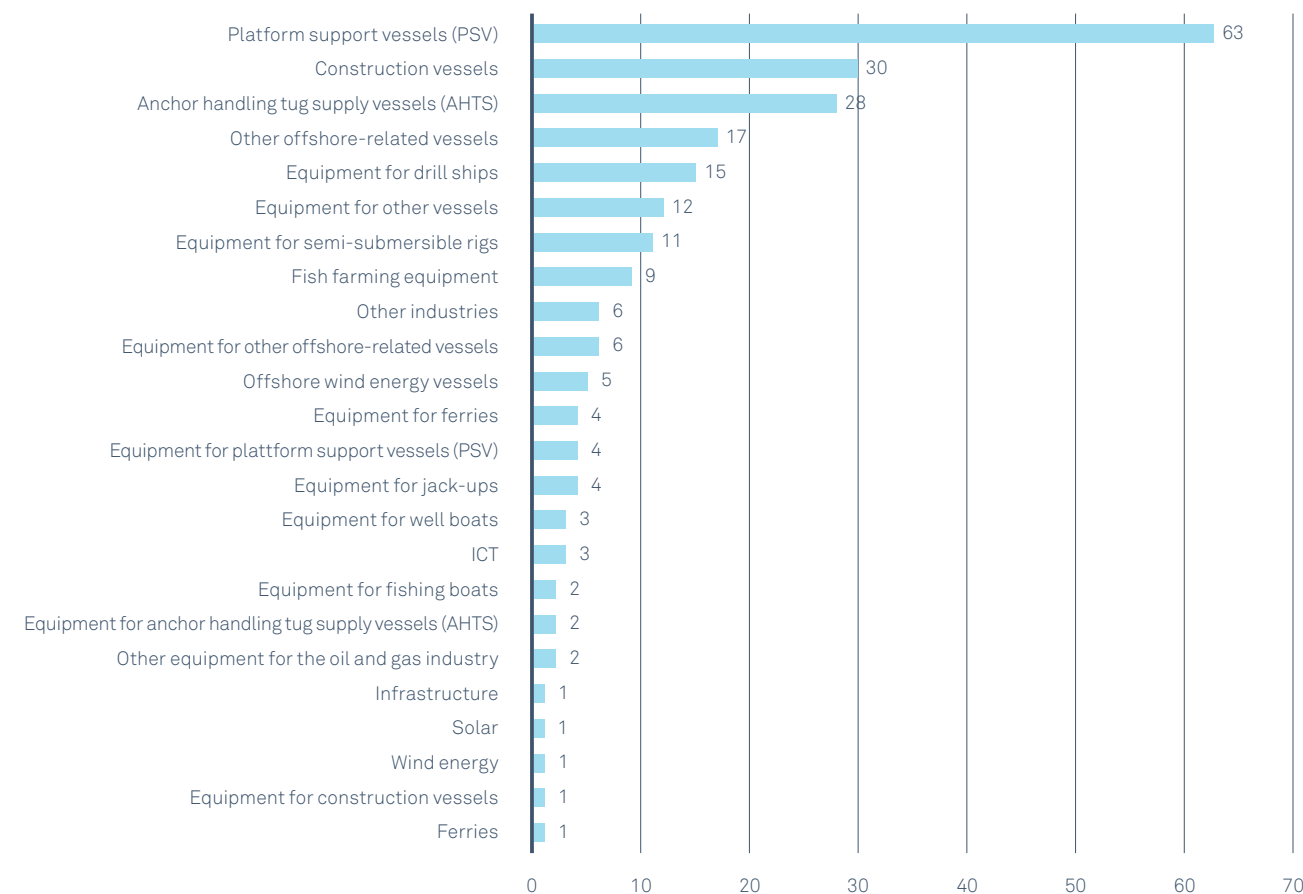
Credit and risk exposure

Risk management guidelines are provided by law and in instructions to the company. The export credit scheme is designed so that loans are record-

FIGURE 6 - NUMBER OF LOANS PER INDUSTRIAL SECTOR AS OF 31.12.2015

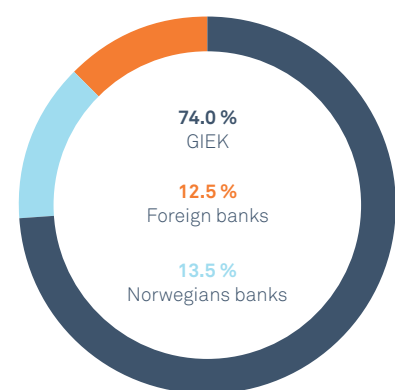


FIGUR 7 - NUMBER OF LOANS PER SEGMENT AS OF 31.12.2015



¹⁴ The specialist group for at-risk loans is mandated to ensure that Export Credit Norway conducts adequate and thorough follow-up of loans associated with a material risk of default (at-risk loans).

FIGURE 8 - DISTRIBUTION OF LOAN GUARANTEES AS OF 31.12.2015



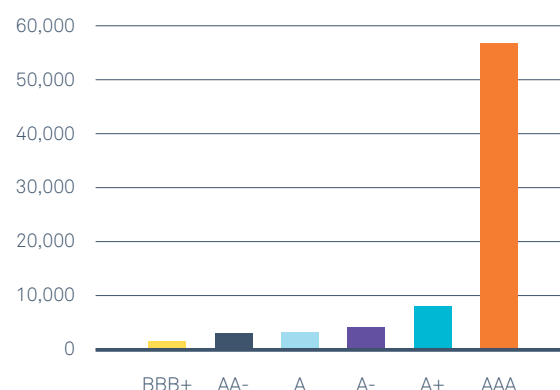
ed in the central government balance sheet. The parliamentary white paper on the Export Credit Act stated that, “The company is not to carry out hedging transactions in the market on behalf of the government beyond the guarantee of loans, and shall not practise asset management.” The state assumes all risk in connection with the export credit scheme. All loans must be 100 per cent guaranteed by financial institutions and/or state export credit agencies that satisfy the company’s rating requirements. Export Credit Norway is focused on establishing strong risk management routines to avoid losses in connection with the export credit scheme.

No losses were made on loans in 2015. Export Credit Norway made claims under three of the guarantees provided for its loans during the year.

As at year-end, 74 per cent of the lending balance was guaranteed by GIEK. Of the remainder, 13,5 per cent was guaranteed by Norwegian banks and 12,5 per cent by foreign banks.

Repayments, interest and fees to be paid by borrow-

FIGURE 9 - EXPOSURE IN DIFFERENT RATING CATEGORIES IN MNOK AS OF 31.12.2015



ers are monitored on an ongoing basis by means of a special IT system. The same is true of other matters relating to borrowers that must be followed up, such as the submission of accounts and reports. In this area, Export Credit Norway cooperates closely with various banks. The banks are often responsible for the direct contact with the borrower. In the event of a default, a specialist in-house team¹⁵ manages the process in cooperation with the guarantors.

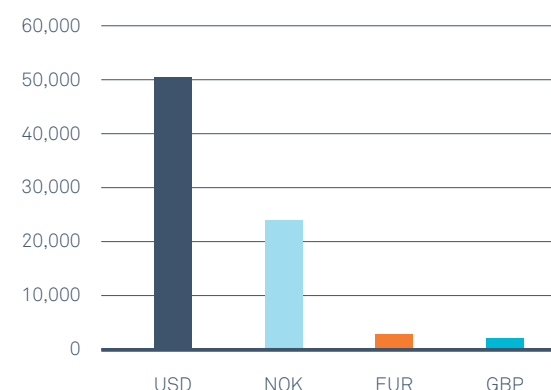
Credit risk

The company’s credit risk is governed by an overall risk limit for the entire lending portfolio, and by detailed limits for guarantors. The total limit is allocated to rating classes and expressed as a nominal limit denominated in NOK. Regular reports are made to the company’s board of directors on limit utilisation by all guarantors. As per the end of 2015, all loans complied with the established credit risk limits.

In day-to-day management, credit risk is limited by Export Credit Norway’s right to require replacement of a guarantor if the guarantor’s rating falls

¹⁵ The specialist group for at-risk loans; see discussion earlier in the report.

FIGURE 10 - OUSTANDING LOAN AMOUNT BY CURRENCY IN MNOK AS 31.12.2015



below Export Credit Norway’s minimum rating level. At the end of 2015, the volume-weighted rating¹⁶ for the lending portfolio was somewhat below AA+,¹⁷ including GIEK. The volume-weighted rating excluding GIEK was A+ to A.¹⁸ See also the figure 9, which shows the portfolio guarantor rating levels.

Market risk

Pursuant to section 3 of the Export Credit Regulations on decision-making authority, Export Credit Norway may commit to loans denominated both in NOK and foreign currencies. Some 52 per cent of all loans included in the lending balance as at the end of 2015 were denominated in foreign currencies, including 40 per cent in USD. In total, 41 per cent of the lending balance comprised loans made on market terms.

Operational risk

Export Credit Norway’s operational risk is primarily associated with ensuring proper documentation, conducting ongoing follow-up of loans – including loan payments – and monitoring at-risk loans. The company has taken particular steps to address

¹⁶ A volume-weighted rating expresses the average rating per disbursed krone.
¹⁷ The rating is allocated a number. AAA equals 1, AA+ equals 2, etc. The volume-weighted rating including GIEK was 2.3, i.e. somewhat below AA+.
¹⁸ The volume-weighted rating excluding GIEK was 5.5, i.e. mid-A+ to A.

TABLE 4 - VOLUME FIGURES, COSTS, 2015 IN NOK 1,000

	2015	2014	2013
Pay as a proportion of operating costs*	63.7 %	65.6 %	62.5 %
Payroll costs per full-time equivalent*	1,500	1,430	1,283
Consultancy services as a proportion of operating costs	18.6 %	13.0 %	23.0 %

* The proportion of pay and payroll costs include all personnel-related costs, such as national insurance contributions, holiday pay, pensions, skills-building measures, etc.

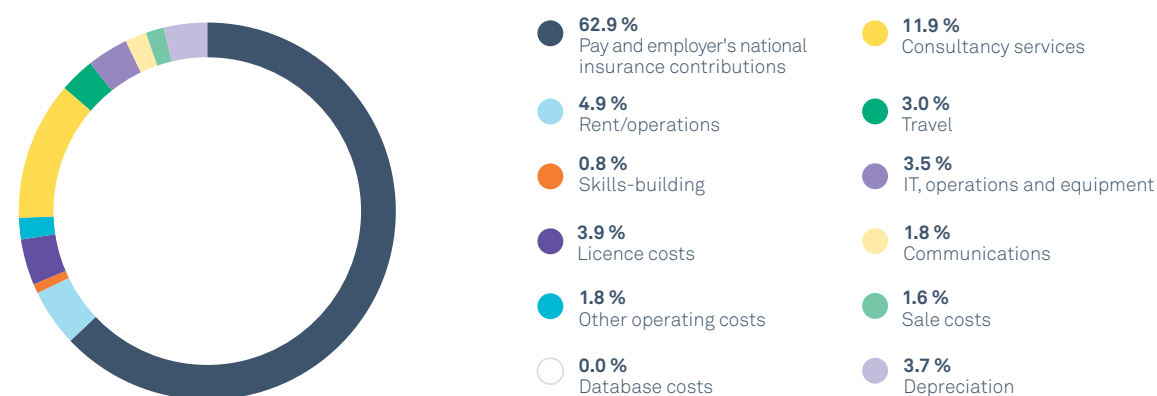
operational risk by strengthening its expertise on payment systems and its legal capacity, as well as by concluding framework agreements with several reputable law firms. In addition, emphasis has been given to establishing and implementing reliable control procedures.

Efficient operations

The Storting (the Norwegian parliament), made an operating and investment grant of NOK 100.0 million to the company for 2015. The company’s operating costs for the year, which primarily comprised payroll costs, administrative costs and purchases of external services, amounted to NOK 97.9 million excluding depreciation. Export Credit Norway’s result for the year 2015 was a profit of NOK 1.1 million after tax, compared to a post-tax profit of NOK 5.6 million in 2014. The company enjoys a strong equity position and robust liquidity, and has little exposure to financial risk.

Export Credit Norway’s payroll and social costs accounted for 64 per cent of operating costs in 2015 – a rise of 20 per cent in the past two years. The

FIGURE 11 - OPERATING COSTS BY TYPE 2015



main reason for this increase is the recruitment of additional staff. The second-largest item in the operational budget is purchases of external services, which amount to 12 per cent of the budget. The company completed several large internal projects in 2015, creating a need for more external consultants. Five per cent of operating costs related to travel and marketing. The cost of Export Credit Norway's offices has increased by 45 per cent in the last two years due to an increase in the amount of space leased. Other operating costs consist of office costs, telephony, membership contributions and insurance premiums.

Overall, the sick leave rate was 2.7 per cent in 2015. Short-term sick leave accounted for 0.7 per cent, while long-term sick leave accounted for 0.9 per cent.

Export Credit Norway implemented several important projects in 2015 to ensure the company's efficient operation. During the year, the company ran a project focusing on integrated management systems with the aim of introducing an internal

control and operational risk management system tailored to the company's needs.

Cost-benefit analysis

The cost-benefit analysis for the export credit scheme for 2015 has largely been drawn up in accordance with the same principles as the analysis for 2014. The cost-benefit analysis shows that net interest income and fee income in 2015 totalled NOK 808 million after the deduction of Export Credit Norway's operating and investment grant. The CIRR scheme¹⁹ contributed net interest income of NOK 553 million in 2015, while the market scheme²⁰ contributed net interest income of NOK 313 million. Export Credit Norway also received fee income of NOK 42 million. For detailed information on the cost-benefit analysis, see the annex containing the cost-benefit analysis for the export credit scheme.

Elimination of inefficiencies

Export Credit Norway is constantly seeking to simplify both external customer processes and international operational processes.

¹⁹ Loans with CIRR rates (fixed rate).
²⁰ Loans on market terms.

The company has invested in simplification through customer proximity, establishing a presence in important markets. The first city was Rio de Janeiro, where Export Credit Norway shares a local representative with Innovation Norway. The scheme has since been expanded to Houston and Singapore.

The company's primary measure to simplify the regulatory framework for businesses is the steps taken - in collaboration with GIEK - to make it cheaper, simpler and quicker to establish smaller loans; see the discussion of the new joint SMB solution in section 3.2.2.

Internally, the company has made simplifications by adopting a new HR and travel expense system.

Moreover, Export Credit Norway will invest considerable resources to improve its capacity to target new and additional types of exporters and borrowers effectively. Priority will also be given to improving the overall range of products and services offered to Norwegian exporters by the policy instruments.

3.4. RESOURCE CENTRE AND PARTNER

3.4.1. Guiding principles

Export Credit Norway's most important stakeholders are its customers - exporters and their buyers - the Ministry of Trade, Industry and Fisheries, other policy instruments such as GIEK and Innovation Norway, and banks. The company seeks to be a credible, relevant and skilled partner that meets its stakeholders' requirements and expectations.

In the assignment letter for 2015, the Ministry of Trade, Industry and Fisheries stated that Export Credit Norway should give particular priority to collaboration with GIEK to simplify processes for customers and partners. The ministry also mandated the company to work with GIEK to make the export credit scheme more well-known among small and medium-sized businesses, particularly in mainland industry. The Ministry also took a positive view of Export Credit Norway's increasingly close cooperation with Innovation Norway for the purpose of offering exporters a "complete menu" of solutions. The aim is to ensure that exporters are highly familiar with the products and services provided by the public sector and of what specific use they can have in their commercial activities.

KEY FIGURES AND INFORMATION

- In 2015, Export Credit Norway:
- had **231** loans under management at year-end
 - recorded no breaches of credit or risk exposure limits
 - had an acceptable risk profile in terms of credit and risk exposure
 - achieved a financial result from lending activities of NOK **808** million
 - incurred administrative costs totalling **0.13** per cent of the lending portfolio

3.3.3. Objectives and future priorities

In 2015, Export Credit Norway and GIEK invested substantially in the simplification of application processes and loan documentation for small and medium-sized businesses. Standardisation and simplification remain important objectives in 2016.

As loan guarantors and transaction facilitators, banks are key partners for Export Credit Norway, and the company maintains close dialogue with a range of Norwegian and international banks. Using financing from Export Credit Norway allows the

banks to reduce their borrowing needs. Export Credit Norway also assists with transaction implementation.

The company gives priority to cooperation with different trade organisations, and is a member of, among others, INTPOW and INTSOK, as well as various chambers of commerce in markets significant to Norwegian exporters. This helps build thorough knowledge of important export industries and markets.

Export Credit Norway's strategy is to conduct systematic analysis of the export industry, seeking to adapt its products and services to the needs of exporters and their customers wherever possible. The company aims to have a skilled staff which is familiar with trends and developments in key industries and thus able to offer sound advice to customers and other partners.

3.4.2. Work done and results in 2015

In 2015, GIEK and Export Credit Norway attended a total of 25 events together, the majority of which focused on marketing of the new SMB solution for export contracts under NOK 100 million. Many of these also involved Innovation Norway as main or co-host. In addition, Export Credit Norway has partnered with trade and industry associations, and the SMB solution has also been showcased at seminars abroad, including in Mumbai and Bangkok, in collaboration with Innovation Norway.

Export Credit Norway has intensified its cooperation with Innovation Norway, including agreements to share human resources at Innovation Norway's offices in Rio de Janeiro, Houston and Singapore; see section 3.3. These measures are helping to make Export Credit Norway's products and services more accessible in important export markets.

Export Credit Norway, GIEK and GIEK Kredittforsikring co-host the annual Export Conference and subsequent half-day seminar on export financing. The three organisations, together with a media partner, also hand out the Export Award. In 2015, the 12 exporters nominated for the Export Award enjoyed broad coverage through media partner *Finansavisen* (a Norwegian daily business newspaper) and general articles on both the award and the Export Conference. Through these initiatives, Export Credit Norway has improved knowledge and awareness of the Norwegian export industry in general, and the export credit scheme in particular.

Part of the company's public mandate is to share its insights into the export industry. For example, Export Credit Norway's analysis of the renewable energy sector and the annual ranking of Norway's 10 largest renewables exporters in collaboration with the technical journal *Teknisk Ukeblad* has been frequently quoted in the media and at different industry meetings and seminars. In 2015, the company presented its renewables analysis to a range of interested parties including Energi 21, the Ministry of Petroleum and Energy and several environmental and trade organisations.

Several of Export Credit Norway's most important customers had a challenging year in 2015. As well as being a constructive partner for individual exporters and borrowers, the company has initiated several industry gatherings for maritime and offshore-related sectors, including in cooperation with the Norwegian Shipowners' Association and banks.

In 2015, with the aim of improving awareness of the export credit scheme, Export Credit Norway and GIEK analysed 2,400 Norwegian companies

which have delivered goods and services to drilling-package suppliers NOV and MH Wirth; see discussion in section 3.2.2. The hypothesis is that some of these sub-contractors will now be searching for new customers and markets, and that export financing can make a positive contribution in this regard. Businesses with a potential need for export financing have been and continue to be contacted for follow-up purposes.

Awareness of Export Credit Norway's products and services is good. Some 99 per cent of Norwegian businesses are small and medium-sized. There is great diversity in the Norwegian business sector, and the company's solutions are not relevant to all exporters. Some feedback received through customer surveys indicates a continued need for marketing initiatives targeting SMBs.

It is particularly positive that both exporters and borrowers view Export Credit Norway's corporate social responsibility efforts positively. Among exporters, 67 per cent are satisfied with the company's work in this area. The corresponding figure for borrowers is 86 per cent.

Generally speaking, the company's customer surveys demonstrate a strong reputation among Norwegian exporters. Products and services are considered very well adapted to needs, and respondents are highly satisfied with Export Credit Norway's interest level, repayment periods and service level. Some stakeholders have also stated that the allocation of responsibility between Export Credit Norway and guarantors is insufficiently clear and that documentation processes are too protracted.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- obtained a score of 4.3 out of 5 by borrowers for its implementation of individual transactions²¹
- found that a large proportion of exporters and borrowers regard the company as highly competent and expert in the area of export financing (85 per cent of exporters and 88 per cent of borrowers)

3.4.3. Objectives and future priorities

In 2016, Export Credit Norway will pursue strategic measures to coordinate, exploit and where relevant expand the company's area of operations, and will be proactive in providing a good range of products and services that match the needs of the Norwegian export industry. The company has already released a senior employee to work on this strategic project full-time in 2016. Export Credit Norway will continue to focus on improving its sales and advisory expertise through two closely related strategic projects. It will also maintain its marketing efforts directed at SMBs, and will generally strengthen and effectivise its marketing and communications work through increased targeting. These measures will further improve knowledge and understanding of Export Credit Norway's products and services.

²¹ Export Credit Norway conducts a short survey in connection with all loans, asking customers to award a score between 1 (poor) and 5 (excellent) based on their experience of the company in the transaction.



4 Responsibility

4.1. HIGH ETHICAL STANDARDS

4.1.1. Guiding principles

Export Credit Norway manages large sums of money on behalf of the state, and must maintain high ethical standards and integrity to retain the confidence of its owner and society in general. Export Credit Norway therefore takes active steps to ensure that all employees have high ethical awareness and act with high integrity in relation to issues such as corruption, confidentiality, disqualification and other conflicts of interest. Export Credit Norway's commitment to high ethical standards is clearly expressed in its ethical guidelines, which have been approved by the board.

4.1.2. Work done and results in 2015

Export Credit Norway actively and continuously seeks to promote a positive business culture and sound ethical attitudes. Measures in this regard include providing staff with teaching and training on relevant issues.

The company last revised its ethical guidelines in 2014. In 2015, work began on a new revision with the aim of ensuring that the document at all times covers all areas deemed relevant in view of the company's activities, and that the requirements imposed on employees reflect developments in standards in society at large.

Export Credit Norway supports transparency about dilemmas and ethical problems, and its ethical guidelines state that employees have both a right and a duty to report matters in the company which contravene laws or internal rules and guidelines. The company is working on improving its whistleblowing channel, and in 2015 concluded an agree-

ment with an external service provider for the establishment of an entirely new channel to facilitate anonymous external reporting. The new channel is expected to be launched in 2016.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- registered no breaches of ethical guidelines
- organised eight internal training events covering ethical issues, including training on the duty of confidentiality and inside information and training/exercises focusing on the prevention of corruption

4.1.3. Objectives and future priorities

Export Credit Norway will maintain its efforts to raise awareness of relevant ethical issues. As part of this, the company aims to approve the implementation of new ethical guidelines during the course of 2016. A whistleblowing channel which facilitates anonymous external reporting will be introduced once a licence has been obtained from the Norwegian Data Protection Authority.

4.2. SPECIALIST ADVISORY BODY TO THE OWNER AND PROMOTER OF SOUND, RESPONSIBLE INTERNATIONAL FRAMEWORKS

4.2.1. Guiding principles

Export Credit Norway provides officially supported financing, and is therefore subject to the OECD Arrangement on Officially Supported Export Credits in connection with all lending activities. The OECD has also adopted common guidelines on environ-

OUR VALUES

Responsibility

We have the competence necessary for our business and do not fear making decisions



Dynamic

We are ahead of market changes - and we want to although we do not need to



Enthusiasm

We support each other, and we learn and develop as human beings



mental and social due diligence²² and anti-corruption efforts in financed projects*.

Export Credit Norway is also mandated to ensure sustainable lending to low-income countries to avoid the accumulation of excessive foreign debt in those countries. This is also regulated by OECD guidelines. Further, the company seeks to improve awareness of the OECD Guidelines for Multinational Enterprises and Norway's national contact point.

Export Credit Norway is also tasked with actively supporting international efforts in the field of export financing to develop common international guidelines within this field. This work is performed in close collaboration with the Norwegian authorities.

The company seeks to ensure that Norwegian industry and its customers always have access to

competitive and accessible export financing that complies with international regulations and offers terms as favourable as those available in competing countries. Export Credit Norway gives priority to cooperation with other export credit agencies (ECAs) to maintain thorough knowledge of export credit schemes, products and services in relevant countries.

Export Credit Norway has signed up to the Equator Principles, a set of guidelines for defining, evaluating and managing social and environmental risk in connection with the financing of large projects. It is important that the company supports international initiatives to promote environmental and social conditions and ensures responsible financing of international projects. Several of the international banks with which the company cooperates closely have also adopted the Equator Principles. The initiative is an important means

of focusing attention on social conditions and the environmental aspects of projects.

4.2.2. Work done and results in 2015

In its capacity as a specialist advisory body to the Norwegian authorities and a member of Norway's delegation, Export Credit Norway is actively involved in preparations for, and participates in, negotiation meetings and the further development of international agreements negotiated by the OECD's export credit groups and the International Working Group on Export Credits (IWG). The IWG was established for the purpose of developing a common set of export financing guidelines covering new exporters like China, Brazil and India. Export Credit Norway is responsible for making preparations, gathering background information, reporting, and attending international negotiation meetings and meetings of expert groups in different areas.

4.2.3. Objectives and future priorities

Export Credit Norway will continue to provide a competitive export credit scheme in Norway and predictable framework conditions for the Norwegian export industry. This includes active participation in the OECD's export credit groups, including expert groups, and in IWG negotiations with non-OECD countries regarding a new international export financing agreement.

Further, Export Credit Norway will give priority to cooperation and dialogue with other relevant ECAs. This will further reinforce the company's role as a specialist advisory body and resource centre.

Export Credit Norway will participate actively in the continued development of the Equator Principles, and will promote these in its loan transaction work.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- participated in the three regular OECD negotiation meetings
- attended the three negotiation meetings held by the International Working Group on Export Credits (IWG)
- gave priority to international relations in the form of contact with other export credit agencies to ensure the exchange of information and experience. Among other things, Export Credit Norway attended the annual meeting with other European ECAs
- participated in the annual meeting of Equator Principle signatories, and workshops organised by the IFC focusing on discussion and development of IFC Performance Standards
- received feedback from the Ministry of Trade, Industry and Fisheries expressing satisfaction with the company's services as a specialist advisory body and contributor to international efforts in 2015

4.3. ATTRACT AND RETAIN SKILLED STAFF, GENDER EQUALITY AND DIVERSITY

4.3.1. Guiding principles

Export Credit Norway must seek to recruit skilled staff with strong academic abilities and positive attitudes, and with the capability and willingness to contribute to the development of an important company for the Norwegian export industry. Recruitment procedures must promote gender equality and diversity objectives. Before an appointment is made, the gender balance must be evaluated. Where a need for balancing exists, particular emphasis must be given to attracting candidates from the under-represented gender group in connection with announcement and recruitment. The company must ensure that staff pay conditions

²² See further description of the agreement in section 5.1.1.

* See further description of the agreement in section 5.2.1.

reflect the market, but must not be a pay leader. Further, the staff remuneration system must be predictable. Pay policy must be objective, and efforts must be made to eliminate any unjustified imbalances.

The company must focus on expertise and staff development. All employees must be given the introduction, guidance and training they require to function optimally in their role. Staff development must be supported by an annual staff evaluation, and personal goals and skills-building plans must be adopted. Gender equality and diversity objectives must be met by planning and implementing skills-building measures in the organisation. Export Credit Norway must have a culture and tone that encourage staff to seek out responsibility and challenges. The company must encourage a healthy work-life balance to promote staff wellbeing and engagement and support sustainable operation.

4.3.2. Work done and results in 2015

Export Credit Norway focused on skills-building and recruitment in 2015. The further-education funding scheme for staff was maintained, as was the staff secondment scheme involving GIEK and Innovation Norway, which facilitated the temporary exchange of staff between the different organisations. Further, an expanded management group was established in 2015, not least to create an arena for the development of young talent.

Gender equality and diversity efforts continued in 2015, including through the establishment of a gender equality committee. The committee met twice during the year to discuss gender equality and diversity issues. In the company's view, having clear gender equality and diversity objectives and making systematic efforts in this regard are important con-

tributions to the creation of a positive, attractive workplace.

KEY FIGURES AND INFORMATION

At the end of 2015:

- 46 per cent of the company's employees were women
- 50 per cent of the board members were women
- 30 per cent of senior executives were women
- 11 per cent of employees had a non-Nordic ethnic background

4.3.3. Objectives and future priorities

Expertise and organisation of the company are key aspects of Export Credit Norway's strategy for the next few years. To achieve the strategy objectives, a project has been launched to put HR and skills-building on the agenda. A key sub-objective of the project is to ensure that the company has the necessary skills base to realise its strategic ambitions in the next two to four years. A recruitment plan will also be developed to ensure optimal organisation and staffing of the company.

Gender equality and diversity efforts will be maintained in 2016. Priority will be given to ensuring that the need for an appropriate gender balance at all levels and in all units is taken into account during recruitment. Further, steps will be taken to reinforce gender equality and diversity knowledge and understanding among managers, and efforts will continue to eliminate any unjustified imbalances in the context of pay-setting.

Export Credit Norway will also develop performance systems covering objectives, follow-up and com-

pensation which provide effective incentives to achieve the desired culture and positive results in accordance with stated ambitions.

The further-education funding scheme and the secondment scheme involving GIEK and Innovation Norway will both be maintained.

4.4. EHS FOR EXPORT CREDIT NORWAY STAFF

4.4.1. Guiding principles

Export Credit Norway's working environment committee seeks to develop a fully satisfactory working environment at the company. The committee is mandated to participate in the planning of safety and environmental measures and to monitor developments relevant to staff safety, health and welfare closely.

Management and staff have an equal number of representatives on the committee. A representative from the occupational health service also participates. Chairmanship of the committee rotates between the management and staff representatives. Two meetings are held every year, and otherwise as needed. Meeting agendas must include sick leave follow-up and injury reports, and staff is invited to submit input and matters for discussion prior to each meeting.

A safety inspection of the company's offices must take place annually. Every second year, staff are offered a health check with the occupational health service. Moreover, an ergotherapist is invited at regular intervals to review and comment on employees' working positions. Export Credit Norway also has a health insurance scheme covering all staff.

4.4.2. Work done and results in 2015

The overall sick leave rate was 2.7 per cent in 2015,

compared to 1.7 per cent in 2014. No occupational incidents or accidents resulting in personal injury or physical damage occurred or were reported during the year.

Export Credit Norway conducted an indoor climate survey in the spring of 2015. This revealed that the indoor climate was generally satisfactory. Further, a staff satisfaction survey was completed in the autumn of 2015, with generally positive findings.

The company has purchased a defibrillator, and six staff members have been trained in its use.

The safety inspection of the company's offices held in November 2015 revealed no deficiencies, and thus resulted in no follow-up items.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- suffered no occupational incidents or accidents
- had a sick leave rate of 2.7 per cent
- completed a staff satisfaction survey with positive findings

4.4.3. Objectives and future priorities

Export Credit Norway will maintain a positive, fully satisfactory working environment. The company aims to keep its sick leave rate at a stable, low level. The sick leave rate will be compared to a benchmark composed of other enterprises' rates as at year-end 2015. In the spring of 2016, staff will again be offered health checks with the occupational health service. Staff will also be offered a new review of their workspace by a physiotherapist to ensure that their work position and work processes are appropriate.

5 Sustainability

5.1. EVALUATION AND FOLLOW-UP OF ENVIRONMENTAL AND SOCIAL CONDITIONS IN THE TRANSACTIONS

5.1.1. Guiding principles

Export Credit Norway is a small organisation with few employees and a small ecological footprint. The primary area in which the company can make a difference is the financing of loan transactions. The company's sustainability objectives are to ask the right questions and set appropriate requirements to ensure that financed projects are implemented in a sound manner. In principle, this is a better approach than for Export Credit Norway to refuse to provide financing and the transaction potentially being financed in other ways which do not take adequate account of human and environmental considerations. The issue is environmental sustainability and social responsibility. Follow-up of the company's corporate social responsibility is based on national laws and internationally recognised principles and guidelines.

Export Credit Norway follows the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

The aim is to promote responsibility in relation to environmental and social risks in officially supported export credit transactions. The purpose of cooperation within the OECD is to ensure competition on equal terms and not to the detriment of environmental and social risks.

Export Credit Norway has also adopted the Equator Principles,²³ the guidelines adopted by major international banks for safeguarding environmental and social factors in projects financed by them. The 10 Equator Principles commit the banks to conducting adequate risk analysis in order to define, evaluate, manage and follow up on environmental and social risk in the projects they finance.

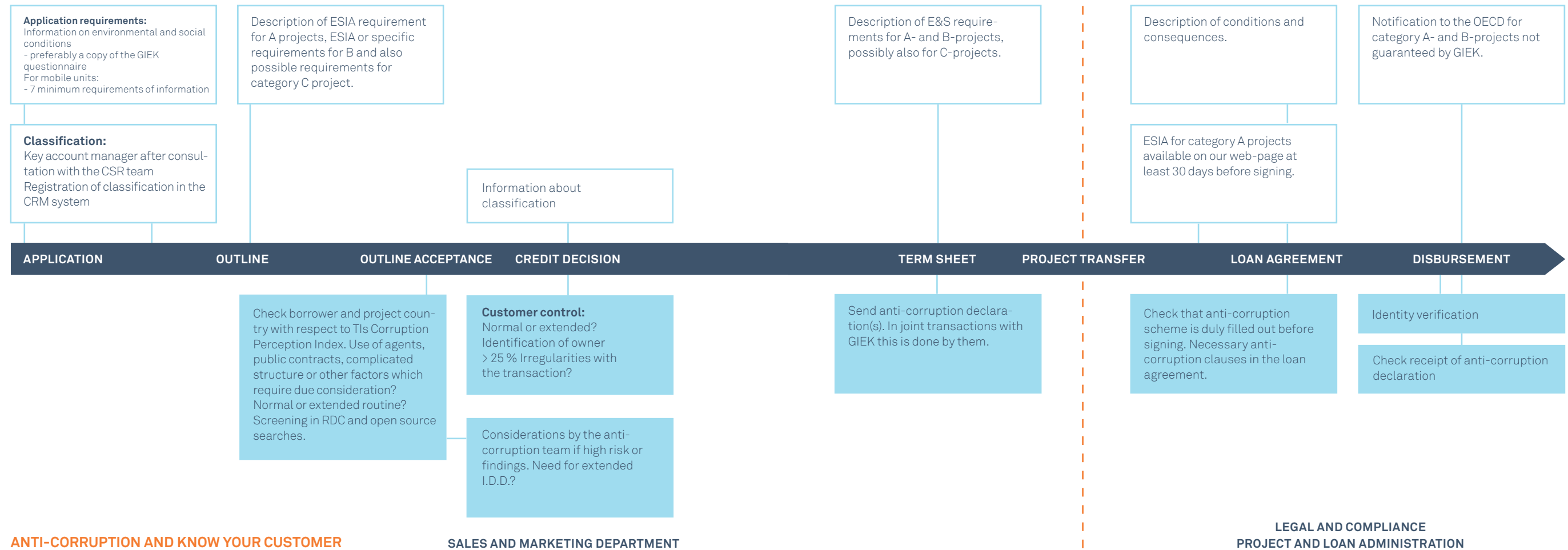
The Common Approaches and Equator Principles are highly similar, and employ the Performance Standards of the International Finance Corporation (IFC), in conjunction with the World Bank EHS Guidelines,²⁴ as benchmarks and governance measures. Performance levels and steps are generally considered achievable for new projects based on existing technology and at a reasonable cost. Projects must of course always comply with national legislation and any international regulations and conventions.

Further, Export Credit Norway complies with the OECD's sustainable lending guidelines, which are designed to prevent developing countries from assuming unsustainable debt burdens. The guidelines support the efforts of the IMF and World Bank to help keep developing countries from reaccumulating significant foreign debt after reducing their liabilities to acceptable levels through the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief (MDRI) initiatives.

²³ Export Credit Norway adopted the Equator Principles in 2014.

²⁴ The World Bank EHS Guidelines are sector-specific, technical reference documents containing general and industry-specific examples of Good International Industry Practice (GIIP), as defined in IFC Performance Standard 3 on resource efficiency and pollution prevention.

FIGURE 12 - OVERVIEW INTERNAL PROCEDURES WITH RESPECT TO SUSTAINABILITY



5.1.2. Work done and results in 2015

All financing applications received by Export Credit Norway are classified, assessed and followed up on by reference to a risk assessment covering social conditions and environmental consequences. The aim is to ensure responsibility and sustainability in relation to environmental and social risks in projects for which Export Credit Norway provides financing.

All applications are classified into one of three categories: A, B or C. The categories represent a risk assessment covering environmental consequences and/or social conditions linked to the project. Projects deemed to present a high risk to the environment and/or a risk of negative social consequences are assigned to category A. Cases in category B are deemed to carry a medium risk, while cases in

category C are considered to present a low risk of failure to safeguard environmental and social conditions.

Export Credit Norway checks whether potential financing offers to public buyers in low-income countries comply with the public borrowing limits agreed with the International Monetary Fund (IMF) and World Bank, and that loans are otherwise compliant with the countries long-term national development plans. Export Credit Norway did not process any such cases in 2015.

GIEK is an important partner for Export Credit Norway in many areas, including environmental and social risk assessment. A separate cooperation agreement in this area grants Export Credit Norway access to GIEK's environmental and human rights

CLASSIFICATION OF ENVIRONMENTAL AND SOCIAL RISKS

Category A encompasses projects associated with significant negative – potentially irreversible – environmental and social consequences. Some consequences may be difficult to remedy, and may impact an area larger than the actual construction site/facilities. Category B projects entail less potential negative environmental and social consequences than category A projects. Typically, the number of consequences is smaller, the consequences apply in a defined area and few – if any – are irreversible, and remedial measures are more accessible. Category C projects have minimal or potentially no effect on environmental and social consequences. Assessments does not cover only new greenfield projects, but also financing of existing operations and associated facilities.

When evaluating environmental consequences, the risk that the project may pollute air, water or soil is assessed. Potential environmental consequences include substantial emissions to air – including greenhouse gases –waste, toxic waste, discharged water, noise and vibrations, considerable consumption of natural resources and consequences for endangered species.

Social consequences may relate to matters such as working conditions and environment, health and safety aspects, land purchases and involuntary relocation/resettlement, indigenous people, cultural heritage and project-related human rights consequences including forced labour, child labour and life-threatening health and safety situations.

specialists, including in the case of transactions not guaranteed by GIEK.

Transaction follow-up

During the loan disbursement and repayment periods, Export Credit Norway takes steps which are appropriate in view of the transaction's risk level, including the incorporation of conditions into loan documents requiring, for example, independent reports. Generally, all category A and category B transactions will be subject to specific follow-up requirements. The requirement to report on compliance with action plans to reduce environmental and social risk is particularly common during the construction phase, and is linked to further loan disbursement. As during all other phases of the process, the estimated seriousness of negative effects will be a deciding factor in determining which measures are appropriate to implement. The loan agreement may require measures and remediation of non-conformances within an appropriate timeframe. Failure to remedy during the agreed period may result in the cessation or delay of loan disbursement. At worst, a default situation may result. All large transactions (above NOK 100 million) are required to report material claims or complaints against project participants, and Export Credit Norway will have the right to conduct site visits.

Mobile units

In principle, mobile units such as ships, aircraft and trains are not subject to either the OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles. This is because it can be difficult to assess environmental and social consequences when no specific geographical area can be defined. Export Credit Norway nevertheless classifies all

transactions in accordance with the Common Approaches, irrespective of the type of project and its location. The maritime industry is subject to significant regulation through international conventions. Several of these conventions are designed to address both environmental and social risk factors, including the IMOs MARPOL and SOLAS conventions and the ILO Maritime Labour Convention of 2006. Which flag a ship or rig sails is therefore an important criterion, given that not all flag states have ratified all IMO conventions. Further, due considerations are given to technical specifications and the management and safety systems of the owner and operator, as well as their general experience. All units in risk category A are subject to a general requirement for ISO 9001, ISO 14001 and OHSAS 18001 certification.

An environmental and social impact assessment (ESIA) is generally required in category A transactions. However, this can be difficult in the case of mobile units which are not employed to a defined geographical location under a long-term contract. If a mobile unit is to operate in a particular geographical location for a period of two years or more, an assessment of the consequences for the area will be carried out as though the unit was not mobile.

If it is known that a unit will operate in an area of potential environmental risk, it may also be necessary to impose special requirements even though the unit's contract is for a period shorter than two years. Such areas may include Arctic regions, RAMSAR areas²⁵ and important breeding and grazing grounds for red-listed species. The above also applies if the unit is to engage in a potentially risky manner in the harvesting, catching, fishing or utilisation of vulnerable marine resources.

The site for construction of the unit is also an important assessment element. Export Credit Norway is particularly focused on promoting acceptable working conditions and avoiding the use of child or forced labour, substantial EHS risk and serious violations of local labour law. The unit may well be in risk category C during the operational phase, but depending on Export Credit Norway's scope for exerting influence, special requirements regarding social conditions will be imposed in connection with the unit's construction. This typically applies to hulls built in Eastern Europe and ships/rigs constructed at Asian yards. Export Credit Norway and GIEK have jointly cleared a number of yards, amongst other in Korea, after verifying that they have acceptable standards in this area. Certifications such as OHSAS 18001 (EHS matters), ISO 14001 (environmental management), and SA 8000 (which deals more with working conditions for employees) are important elements.

In 2015, Export Credit Norway conducted a materiality analysis examining its work in the area of corporate social responsibility. The analysis has provided an important basis for improving the company's reporting on its public mandate and corporate social responsibility. The materiality analysis was prepared according to the Global Reporting Initiative (GRI) methodology. Although Export Credit Norway has taken inspiration from the GRI framework in relevant areas, including its reporting principles methodology, the company has chosen not to report according to the GRI.

Even though Export Credit Norway is not a signatory to the UN Global Compact, it reports on aspects of material significance to its operations. Reports on these aspects comply with UN Global Compact requirements relating to policy specification,

completed activities, results and expected results. These requirements correspond to those found in section 3-3c of the Norwegian Accounting Act.

The company has also made efforts to establish clearer guidelines for the assessment of mobile units – particularly units in category A, such as drilling ships and rigs – and general follow-up of mobile units during the loan period.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- disbursed 8 loans in category A, all mobile offshore units within the oil and gas sector
- disbursed 1 loan in category B, to a solar energy project in Honduras
- visited and evaluated 9 foreign shipyards. Two transactions from yards which had not been duly assessed were disbursed as the loan agreements were entered into before the development of the current guidelines.
- imposed requirements relating to environmental and social conditions in one transaction that caused the borrower to withdraw its application for financing from Export Credit Norway
- disbursed 6 loans subject to specific requirements linked to environmental and social risk
- did not disburse any loan subject to the OECDs Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low Income Countries
- attended a OECD meeting for its environmental and social Practitioners, a common workshop for Equator Principles banks and OECD Practitioners, the annual meeting of the Equator Principle Banks and the IFC Community of Learning event.

²⁵ The Ramsar Convention (actual title "Convention on Wetlands of International Importance especially as Waterfowl Habitat") is an international agreement on the protection and sustainable use of wetlands. Its purpose is to stem the progressive encroachment on and loss of wetlands.

5.1.3. Objectives and future priorities

In 2016, Export Credit Norway will continue its work for clearer guidelines on the assessment of mobile units in risk category A and general follow-up of mobile units during the loan period.

The company is dealing with an increasing number of projects in low-income countries to which the OECD sustainable lending guidelines may apply, and will therefore intensify its focus on ensuring that lending staff possess relevant skills and concentrate on making relevant Norwegian exporters aware of the issue.

To promote greater transparency about the projects it finances, Export Credit Norway aims to publish a quarterly overview containing basic information on disbursed loans. Stakeholder dialogue must be structured and be made more systematic with the aim of securing more feedback on the company's corporate social responsibility work. There will also be a focus on the company's need to deal with problems related to responsible tax structures.

5.2. ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING MEASURES

5.2.1. Guiding principles

Export Credit Norway has a responsibility to ensure that the state's funds are managed responsibly. Confidence in the company on the part of its owner and society in general is entirely dependent on the company having adequate controls and preventive measures in place relating to the risk of corruption and money laundering in transactions. The aim is to help Export Credit Norway to avoid financing export contracts which have been subject to corruption or other irregularities. Its increasing exposure to regions associated with a high risk of corruption demands active efforts by the company to ensure

that it has a robust anti-corruption programme and reliable procedures for preventing and discovering irregularities in export contracts.

Export Credit Norway takes a risk-based approach to the prevention of irregularities in the transactions it finances. The risk of corruption, money laundering and other irregularities is evaluated individually in all transactions involving the company. Preventive efforts are adapted to the level of risk. Export Credit Norway has adopted and implemented guidelines and procedures for combating corruption in its transactions. Through these procedures, Export Credit Norway has implemented the requirements of the OECD Recommendation on Bribery and Officially Supported Export Credits. Among other things, Export Credit Norway's anti-corruption procedures commit the company to providing information to customers, gathering information and declarations from exporters and any other applicants, investigating involved parties and including anti-corruption conditions in loan agreements.

Export Credit Norway regards productive collaboration with GIEK and cooperating banks as important for the sharing of anti-corruption knowledge and experience. It also ensures well-coordinated and effective customer processes.

The company applies the "know your customer" money laundering principle to evaluate borrowers in compliance with the provisions of the Money Laundering Act.

5.2.2. Work done and results in 2015

In the past year, the company has made active efforts to develop strong internal knowledge about how to deal with such risk, and about the need in every individual lending scenario to exercise the

required care and evaluate the involved parties to prevent corruption in connection with financed projects. Two rounds of dilemma training were provided for staff in the company's lending department. In addition, three external presentations were arranged for the whole company on topics related to corruption risk.

To improve its knowledge of the risk of corruption, money laundering and other irregularities, the company established a dedicated anti-corruption group in January 2015. This group has an advisory function and prepares recommendations for the credit committee in cases involving particularly at-risk loans²⁶. The company uses the RDC screening tool to prevent corruption and money laundering. Export Credit Norway became a member of Transparency International Norway in 2015 with the aim of raising its awareness and knowledge of corruption risk.

5.2.3. Objectives and future priorities

Export Credit Norway regards its anti-corruption efforts as an ongoing process, and will continue to focus on minimising the risk of corruption, money laundering and other irregularities in its loan transactions. Efforts have been initiated to establish a whistleblowing channel to facilitate anonymous external reporting. The aim is for the channel to become operational in 2016.

KEY FIGURES AND INFORMATION

In 2015, Export Credit Norway:

- has submitted 10 cases to the anti-corruption group for evaluation and advice
- arranged six internal events to provide training or dilemma training in the area of anti-corruption

²⁶ Financing of projects to countries that score 40, or below 40, on the Transparency International Corruption Perception Index



6 Management and control at Export Credit Norway

Export Credit Norway gives high priority to having a strong, effective system in place for risk management and internal control. The company handles large cash flows, and has a very low tolerance for errors with serious consequences. The company submits risk assessments to the Ministry of Trade, Industry and Fisheries twice a year. Export Credit Norway is focused on ensuring that risk management and internal control are integrated into its management dialogue with the Ministry.

6.1. GOVERNANCE AND COMPANY MANAGEMENT

Export Credit Norway follows the state's good governance principles as described in the white paper on diverse and productive ownership (Meld. St. 27 (2013–2014)). Section 8.2.3 of the white paper states that all wholly state-owned companies should comply with the Norwegian Code of Practice for Corporate Governance (NUES) wherever applicable, and as part thereof provide an overall statement on their governance and company management, including an account of any non-conformances with the code.

Export Credit Norway follows the state's principles for good governance and company management, and has prepared a statement on its compliance with NUES. The statement is appended to the company's annual report and is published on its website. Non-conformances with the code are primarily due to the fact that Export Credit Norway is a wholly state-owned company and parts of the

code are thus inapplicable to its activities.

6.2. THREE LINES OF DEFENCE

Export Credit Norway has established three lines of defence in the area of risk management and internal control.

Internal control

Export Credit Norway actively emphasised internal control work in 2015. In addition to guidelines and guidance intended to support strong internal control, a project was implemented to develop an integrated framework for internal control and operational management (integrated management systems).

The purpose of the project is to implement internal control and risk management adapted to the company's operations. The project entails a systematic review of the company's core process (the lending process) and supporting processes, and aims to integrate internal control and risk management into the company's daily routines. The project has resulted in the development of new board-approved documents and supporting documentation such as policies, procedures and guidelines. The results of the project are currently being implemented.

Export Credit Norway's aim for its internal control measures is that all staff should integrate the necessary focus and control into their daily tasks, and thus function as a first line of defence against errors. Line management has ownership of and responsibility for risk assessment, risk management

and risk-reducing measures, including the maintenance of appropriate internal controls.

Compliance and controlling

Export Credit Norway's second line of defence comprises its compliance function – which monitors the company's risk in terms of breaching laws, regulations and guidelines – and its controller function. In organisational and professional terms, the compliance function is part of the legal department, while the controller function is part of the financial department. The company worked on operationalising its compliance function in 2015.

Internal audit function

The third line of defence is the internal audit function, an independent and objective audit and advisory function. The internal audit function is mandated to help the company to achieve its aims by ensuring that it adopts a systematic, disciplined approach to evaluating and improving the effectiveness of its risk management, control and management processes. The work of the internal audit function is guided by a risk-based annual audit plan approved by the company's board of directors. The results of completed audit activities and related improvement proposals must be reported in a timely fashion to management, the control functions and the board. The internal audit function reports directly to the board, and is functionally independent of the administration. Export Credit Norway's internal audit function was established in the spring of 2013, and has been outsourced to PricewaterhouseCoopers.

6.3. RISK MANAGEMENT IN 2015

Export Credit Norway's updated risk assessment for 2015 was sent to the Ministry of Trade, Industry and Fisheries in the spring of 2015. In it, the follow-

ing risks were specially flagged:²⁶

1. Changes in OECD regulations
2. Market changes rendering the export credit scheme less relevant
3. Corruption
4. Poor capacity and vulnerability in respect of key individuals.

As regards changes in OECD regulations, two current processes may potentially alter the competitiveness of the lending scheme relative to the most important competitor countries for Norwegian industry. These are the ongoing work of the International Working Group on Export Credits (IWG) and the possible revision of the interest-setting rules under the Arrangement on Officially Supported Export Credits. The IWG was established to negotiate a common set of rules for export financing covering countries such as China, Brazil and India. Although this is a long-term project, it may entail changes to the rules governing international export financing.

Potential revision of the OECD Arrangement's interest provisions is among the issues discussed in the OECD's export credit groups.

The Ministry of Trade, Industry and Fisheries defines Norway's positions in these two ongoing processes. Export Credit Norway contributes expertise and specialist input, and concentrates on supporting the ministry effectively in the international negotiations.

The risk associated with market changes is largely outside Export Credit Norway's control. Both the financial markets and the export markets are capable of rapid change, as starkly illustrated by the fall in oil prices in 2014 and 2015. The company's lending

portfolio is concentrated on a relatively small number of exporters and borrowers. There is a risk that structural changes in the markets in which Export Credit Norway operates will reduce the relevance of the export credit scheme. At the same time, it is obvious that the Norwegian and international economies, and thus the export markets, are cyclical in nature. Fluctuations in demand for export financing are unavoidable. In 2015, Export Credit Norway worked systematically to reduce this risk by staying updated on market developments and preparing robust analyses of market changes and trends. The company also worked with GIEK to arrange simpler application processes for other types of business than those which dominate the portfolio.

The company works systematically to combat corruption in the transactions it finances. However, it is impossible to eliminate entirely the possibility of corruption in connection with contracts financed by Export Credit Norway. This is because it can be very difficult for a lender to discover corruption in a transaction between an exporter and a customer.

Export Credit Norway is a small organisation, with just 47 employees. Accordingly, it may have restricted capacity at times, and is vulnerable to the absence of key individuals. As planned, Export Credit Norway strengthened its staff in critical areas and maintained its efforts to achieve optimal organisational robustness in 2015.

Export Credit Norway has a constant focus on the development of expertise, systems and procedures to reduce the risk of losses. Administrative procedures and role-sharing improve the likelihood of avoiding errors. Cases follow sequential processes and established control procedures both at signing

and disbursement of loans. Export Credit Norway has prepared procedures to minimise the risk of errors and improve operational security in connection with disbursement and loan follow-up. The company's internal audit has also focused on disbursement and loan follow-up in 2015.

6.4. INCIDENTS IN 2016

No incidents have occurred in 2016 that have altered the company's risk picture to a noteworthy extent. Export Credit Norway's risk assessment for 2016 was sent to the Ministry of Trade, Industry and Fisheries in the autumn of 2015.

Marie Sørli took up the position of Head of Project and Loan Administration on 1 February 2016. Ms Sørli is a temporary replacement for Head of Project and Loan Administration Jostein Djupvik, who is to lead one of Export Credit Norway's strategic projects on a full-time basis until 1 February 2017. She has temporarily left her position as employee-elected deputy board representative and observer due to her appointment to the company's management group during this period. Deputy member Laila Johnsen will serve as employee-elected deputy board representative and observer.

On 11 February 2016, Export Credit Norway signed an agreement with Innovation Norway on cooperation and rental of shared resources in Singapore and Houston. The company now has a presence in Brazil, Singapore and the USA, as well as Norway.

CEO Jarle Roth resigned in March 2016. He will remain in his post during his notice period, which ends on 30 June. The company's board has begun looking for a new chief executive for Export Credit Norway.

²⁷ Red or orange risks, following identified measure; see the risk matrix of the Norwegian Government Agency for Financial Management (DFØ).

7 Annual report of the Board of Directors

Highlights in 2015

Continuing oil-price fragility impacted both Norwegian trade and industry and Export Credit Norway in 2015. During the year, the company designed and adopted a new strategy to improve the products it offers to Norwegian exporters. Despite challenging market conditions, Export Credit Norway's activity level was high during the year, due not least to improved competitiveness as

a result of the Norwegian Krone's depreciation. In 2015, the company received 275 loan applications representing a lending volume of NOK 120 billion. The company's lending balance totalled NOK 76.5 billion at year-end, while its probability-adjusted order book amounted to NOK 21.3 billion. The company's key figures as at 31 December 2015 were as follows:

Table 1: Key figures 2015¹

<i>All amounts in NOK million</i>	Number of applications (%)	Balance distribution (%)	Ave. loan size (NOK million)	Probability-adjusted order book (%)
Maritime (ships and ship equipment)	35.3	62.3	275.5	61.6
Oil and gas equipment	17.4	35.9	857.1	32.8
Industry and environmental technology	47.3	1.8	54.3	5.5

The export credit scheme

Eksporkreditt Norge AS (Export Credit Norway) is a limited company that is wholly owned by the Norwegian State as represented by the Ministry of Trade, Industry and Fisheries. It is based in Oslo.

Export Credit Norway administers Norway's export credit scheme, providing export financing in the

form of Commercial Interest Reference Rate (CIRR) loans and CIRR-qualified market loans on commercial terms.² The company's administration complies with requirements set by the Norwegian State in governing documents. The company deals with the entire financing process, from sales and marketing to application processing, commitment, the implementation of loan agreements and loan

¹ Discrepancies in totals of tables and figures may occur due to rounding.

² CIRR (Commercial Interest Reference Rate) loans are made in accordance with the OECD agreement on officially supported export credits. The interest rate is based on the rate on government bonds in a given currency, and is set by the OECD. CIRR loans may be made in all OECD currencies. Repayment periods vary from two to 12 years. Loans made for certain purposes may have repayment periods of up to 18 years.

documentation, and disbursement and monitoring of loans. These procedural steps are intended to ensure proper loan disbursement and that no losses are made on loans due to deficient documentation, pricing, project assessments, loan monitoring or compliance with applicable regulations. The Norwegian State is liable for the obligations the company incurs in connection with its lending activities.

Strategy and objectives

Export Credit Norway's primary objective is to promote Norwegian exports by providing competitive, accessible and effective export financing. The Ministry of Trade, Industry and Fisheries has identified assessment parameters for each sub-objective under the primary objective. These parameters are intended to assist in the assessment of the company's performance. Export Credit Norway reports on the assessment parameters in its annual report.

Based on the Ministry's objectives, the company has defined a business strategy focused on the following priority areas: attractive products, efficient processes, social responsibility and enthusiastic, expert staff. Export Credit Norway has a societal

mandate: to promote Norwegian exports through competitive, accessible and efficient financing. In 2015, the company formulated a new strategy to improve the products it offers to Norwegian exporters. The strategy addresses the continuing need to assist large exporters, particularly in the context of ongoing restructuring in the offshore oil and gas industry, as well as the needs of export businesses which have grown in 2015. The measures in the strategy are designed to provide exporters with maximum commercial and sales support during the restructuring process and green shift which are occurring in various industries.

Market and lending activity

Norwegian exporters recorded varying growth rates in 2015. The oil and gas supplier industry faced generally challenging market conditions and the need for major restructuring. Many other exporters experienced an upswing in 2015, primarily due to the depreciation of the Norwegian krone against other currencies. These macro-changes also affected Export Credit Norway's activity levels and application figures (numbers and volumes). Export Credit Norway recorded the following application volumes in 2015 and 2014:³

Table 2: Loan applications

<i>(All amounts in NOK million)</i>	Number of applications 2015	Number of applications 2014	Application volume 2015	Application volume 2014
Ships	70	81	35,307	41,625
Ship equipment	27	73	2,566	20,320
Oil and gas equipment	48	46	50,700	55,615
Renewable energy and environmental technology	42	47	9,364	7,102
Other industry	88	61	22,150	8,586
Total	275	308	120,088	133,247

³ Several of these projects are likely to lapse, meaning that the probability-adjusted disbursements will be significantly lower.

Oil and gas equipment accounted for 48 loan applications in 2015, compared to 46 in 2014. Although the number of loan applications has remained relatively stable, there has been a considerable shift in the subject matter of the applications in this segment. Oil and gas applications have traditionally related to the financing of drilling rigs and drilling ships. In 2015, there was a clear reorientation towards financing of subsea technology and field development equipment. The number of ship and ship equipment applications dropped substantially from 2014 to 2015, from 154 to just 97. This decline is linked to reduced demand for new offshore vessels. In the industry and environmental technology sector, the number of applications increased from 108 in 2014 to 130 in 2015. These segments have shown an upward trend in recent years.

The continuing low krone exchange rate has improved the competitiveness of Norwegian exporters. Non-offshore industries have generally experienced positive growth. In 2015, Export Credit Norway received a record number of applications from companies in traditional export industries (excluding renewable energy and environmental technology). Export Credit Norway received almost three times as many applications from these segments in 2015 than in its first year of operation – 2012. This

increase is probably due to the improved competitiveness of exporters and Export Credit Norway's intensified marketing and product development efforts, particularly those targeting SMBs. Small and medium-sized businesses (SMBs) accounted for around 70 per cent of all applications. In the environmental technology and renewable energy segments, activity levels remained generally unchanged compared to earlier years.

At the end of 2014, Export Credit Norway and GIEK introduced a joint simplified financing solution for export contracts valued at less than NOK 100 million. The solution features a joint application form, joint offer and simplified loan documentation, as well as a new loan product. The new loan product reduces dependence on commercial banks in a segment in which banks are not active loan guarantors. Export Credit Norway and GIEK marketed the new solution actively throughout 2015, including at 27 joint customer events in Norway and abroad. Innovation Norway was involved in many of these events as main or co-host. The new SMB product has been well received by the market, and several loans were disbursed under the solution in 2015.

The export credit scheme's cash flows were as follows in 2014 and 2015:

Table 3: Cash flow statement for the export credit scheme

<i>(All amounts in NOK million)</i>	Total 2015	Total 2014
New disbursements	17,863	25,117
Interest income	1,557	1,159
Repayments ⁴	8,498	15,022
Net currency gain on repayments	1,277	287
Fee income	41	48

⁴ Repayments are recorded at historic cost, i.e. at the exchange rate used when the loans were disbursed. The company does not hedge against currency fluctuations. In 2015, the Norwegian State made a net foreign exchange gain of NOK 1.3 billion in connection with repayments. Accordingly, repayments adjusted for the foreign exchange gain totalled NOK 9.8 billion.

Export Credit Norway disbursed NOK 17.9 billion in loans in 2015, compared to NOK 25.1 billion in 2014. New disbursements relating to oil and gas equipment totalled NOK 7.7 billion, down from NOK 9.6 billion in 2014. In the ship and ship equipment sector, the disbursement total was NOK 9.2 billion, compared to NOK 15.4 billion the previous year. The disbursement volume for the industry and environmental technology sector amounted to NOK 1.2 billion in 2015, up from NOK 274 million in 2014.

The disbursements include loans taken over from Eksportfinans ASA in connection with the re-setting of interest margins. Export Credit Norway received

an increasing number of requests for deferred repayment from borrowers in 2015, primarily as a result of the difficult market conditions faced by many borrowers due to falling oil prices. During the year, the company granted repayment deferrals to nine borrowers representing a total lending volume of NOK 613 million. Export Credit Norway's loans are backed by robust guarantors, and the risk of losses is considered to be small. As at 31 December 2015, Export Credit Norway was administering 231 loans accounting for a total lending balance of NOK 76.5 billion.⁵ Distributed by currencies and industries, the lending balance was as follows at the end of 2015:

Table 4: Lending balance

<i>(All amounts in NOK million)</i>	NOK	USD	EUR	GBP	Total
Ships	22,797	20,163	601	510	44,071
Ship equipment	901	2,538		150	3,588
Oil and gas equipment	350	27,067	11		27,428
Renewable energy and environmental technology	188	452	525	54	1,219
Other industry		41	136	16	192
Total	24,235	50,261	1,273	729	76,499
Share	31.7%	65.7%	1.7%	0.9%	100 %

At the end of 2015, the lending balance including historical exchange rates (historical cost), totalled NOK 63.8 billion.⁶ The currency distribution generally reflects which industries receive the largest loans. While 99.9 per cent of Export Credit Norway's loans to the oil and gas sector were denominated in USD, the maritime sectors are dominated by NOK, followed by USD. Fewer CIRR loans were disbursed in 2015 than 2014. Some 51 per cent of the 2015 disbursement volume comprised CIRR loans, whereas

the corresponding figure for 2014 was 72 per cent. At the end of December 2015, the total order reserve amounted to NOK 94.3 billion, while the probability-adjusted order book totalled NOK 21.3 billion.⁷ The probability-adjusted order book for the oil and gas sector amounted to NOK 7 billion, while the totals for the maritime sector and renewable energy and other industries were NOK 13.1 billion and NOK 1.2 billion, respectively.

Export Credit Norway, single entity financial statements

Export Credit Norway receives a grant to administer the export credit scheme under the fiscal budget. In 2015, the grant amounted to NOK 100 million, and was recognised as income in full. Operating costs excluding depreciation totalled NOK 97.9 million, and primarily comprised wage costs, administrative costs and purchases of external services.

The financial result for 2015 shows a profit of NOK 1.1 million after tax, compared to a post-tax profit of NOK 5.6 million in 2014. The company has NOK 45.4 million in equity and little exposure to financial risk. The company's cash flow statement shows that it enjoys strong liquidity. Differences between the operating result and cash flow are due to deferred recognition of investment grants as income. The company's assets primarily consist of cash and cash equivalents, fixtures and intangible assets.

The Storting has approved an operating grant for Export Credit Norway of NOK 100.9 million for 2016.

Pursuant to sections 3-3a and 3-2a of the Accounting Act, the board of directors confirms that the company's annual accounts and the cash flow statement for the export credit scheme provide a true picture of the company's assets and liabilities, financial position and result, and that the accounts have been prepared subject to the going-concern assumption.

No matters have risen after the end of the financial year that are of significance in the evaluation of the accounts.

Allocation of profits for the year

The board proposes that the profit of NOK 1.1 million be transferred to other equity.

Risk management and internal controls

Risk management guidelines are provided by law and instructions to the company. All loans are recorded in the central government balance sheet. The company is not permitted to engage in hedging transactions. Loans must be 100 per cent guaranteed by financial institutions and/or state guarantee institutions that satisfy the applicable rating requirements.

Export Credit Norway is focused on having reliable risk management procedures in place to avoid losses in connection with the export credit scheme. No losses have been made on disbursed loans in the period 2012–2015.

The greatest risks associated with the export credit scheme are counterparty risk relating to guarantors, market risk and operational risk. In 2015, Export Credit Norway reinforced its risk management procedures by implementing an integrated internal control and operational management framework.

Counterparty risk

The Ministry of Trade, Industry and Fisheries made a minor change to the credit policy for the export credit scheme in 2015, which the company has operationalised. Regular reports are made to the board of directors on framework utilisation, for all guarantors. At the end of 2015, all loans were well within the stipulated counterparty risk limits.

Market risk

The export credit scheme is associated with considerable financial market risk. At the end of 2015, 68 per cent of all loans included in the lending balance were denominated in foreign currencies, compared to 59 per cent at the end of the previous year. As in 2014, 42 per cent of the lending balance

⁵ Based on Norges Bank's mid-rates on the final banking day of December 2015: USD=NOK 8.809; EUR=NOK 9.619 and GBP=NOK 13.072. The figures in the government's capital accounts are based on historical exchange rates, and will therefore not be directly comparable with Table 3.

⁶ The historical exchange rate is the exchange rate at which the loans were originally disbursed.

⁷ A loan is included in the order book once the customer has accepted the conditions in the offer letter.

comprised loans on market terms. The lending balance amounted to NOK 76.5 billion as at year-end 2015, while the lending balance at historical prices totalled NOK 63.8 billion. In other words, the lending portfolio at year-end 2015 was NOK 12.7 billion larger than the NOK figure based on the exchange rates at which the loans were disbursed. The corresponding difference as at year-end 2014 was NOK 6.5 billion.

Export Credit Norway's financial market risk is very limited. Previously, the company's market risk related to losses linked to external services re-invoiced to borrowers. As of 2015, any such losses will be covered by the Norwegian State.

Operational risk

Export Credit Norway's operational risk is primarily linked to the administration of its loans, including the handling of risks relating to corruption, money laundering and environmental and social conditions and the correctness of loan and security documentation. Additional operational risk arises in connection with the follow-up of loan disbursements and interest and repayment receipts, as well as general loan monitoring including the handling of defaults. Operational risk monitoring is undertaken both by Export Credit Norway's substantial in-house legal team and five highly reputable lawfirms that advise the company on its loan transactions. Further, the company is focused on implementing strong control procedures for ongoing loan follow-up and the receipt and making of payments. The company has also appointed a separate in-house group to monitor at-risk loans, and a special anti-corruption group.

Other company operations

The risks associated with Export Credit Norway's operations primarily relate to the successful imple-

mentation and continued development of critical systems, and compliance with the requirements imposed on the company by central government.

Research and development activities

Export Credit Norway does not have its own research and development (R&D) programme. The Ministry of Trade, Industry and Fisheries has asked the company to prioritise projects that develop new knowledge and technology. Export Credit Norway evaluates projects for which applications are made with regard to the degree of innovation, in accordance with the OECD classification system. Of 275 applications, 25 were classified as "highly innovative" or "innovative" in 2015.

Governance and company management

Export Credit Norway follows the Norwegian State's good governance principles as described in the white paper *Diverse and value-creating ownership* (Meld. St. 27 (2013-2014)). Section 8.2.3 of the white paper states that all companies wholly owned by the Norwegian State should comply with the Norwegian Code of Practice for Corporate Governance (NUES) wherever appropriate, and as part of such compliance provide an overall statement on their governance and company management, including details of any deviations from NUES.

Export Credit Norway has prepared a statement on its compliance with NUES which is appended to the annual report and published on the company's website. Generally speaking, any deviations from NUES are due to Export Credit Norway's status as a wholly state-owned company and the resulting irrelevance of certain parts of NUES.

Sustainability, gender equality and diversity

The board of directors gives priority to integrating

Export Credit Norway's sustainability and social responsibility efforts into its operations and strategy. In 2015, the company worked on procedures for sustainability and social responsibility reporting for financed projects. The 2015 annual report contains significantly more detailed discussion of the company's implementation of its societal mandate and social responsibility efforts. Further information on the various aspects of this work can be found in chapter 5 of the company's annual report. Export Credit Norway does not pollute the external environment other than through the effects of office operations and business travel which are customary for a company of its size and type.

At the end of 2015, the company had 47 employees from seven different countries of origin. The company has an even balance between women (23) and men (24). The proportions of women on the board of directors and in the management group were 50 per cent and 30 per cent, respectively, at year-end.

Export Credit Norway has adopted guidelines and taken steps to facilitate targeted, planned gender equality and diversity efforts in the company. In 2015, emphasis was given to securing the appointment of women to executive positions and key roles. The company has also worked on an evaluation of pay and remuneration levels with the aim of eliminating any unfounded gender differentials. Export Credit Norway has established a gender equality committee, which met twice during the year.

Working environment and skills-building

One of Export Credit Norway's strategic priorities is to have "motivated and competent staff". For the company, this means being a knowledge-based organisation which puts the customer first. Export Credit Norway also promotes systematic knowledge-

sharing to improve the robustness of the company, and has in 2015 maintained its continuing professional development programme and secondment programme. The latter allows staff from Export Credit Norway, GIEK and Innovation Norway to spend time at the other organisations. The company's management aims to manage by clear objectives, ensure widespread information-sharing and provide clear feedback on completed work. Export Credit Norway expects its staff to take responsibility, provide each other with constructive, clear feedback, be flexible and promote a positive work environment.

The company's overall sick leave rate was 2.7 per cent in 2015. Short-term sick leave accounted for 0.7 per cent of this total, while long-term sick leave amounted to 2.0 per cent. The board considers these figures satisfactory. No work-related accidents or incidents resulting in significant damage or personal injury were reported during the year. Staff satisfaction was surveyed in the autumn of 2015, and was at a satisfactory level. The company's working environment committee met twice during the course of the year.

The work of the board of directors

The board of directors held a total of 13 meetings in 2015, including nine ordinary meetings and four telephone/circulation meetings. In the autumn of 2015, the board appointed a remuneration committee to prepare matters for consideration by the board. During the course of the year, the remuneration committee dealt with both remuneration-related matters and gender equality and diversity initiatives.

Future outlook

Many Norwegian exporters of capital goods and services face major restructuring. Accessible,

2015 Annual Financial Statements

Income statement

<i>(All amounts in NOK '000)</i>	Notes	1 Jan.-31 Dec. 2015	1 Jan.-31 Dec. 2014
Other revenues	2	102,036	98,946
Total operating revenues		102,036	98,946
Salaries and payroll costs	3, 10, 12	64,817	61,139
Appreciation, amortisation and impairments	5	3,774	3,700
Other operating expenses	13, 14	33,109	28,199
Provision for losses on receivables	6	0	225
Total operating expenses		101,701	93,263
Operating profit		335	5,683
Financial income		2,211	2,299
Financial expenses		197	97
Net financial items		2,014	2,202
Profit for the year before tax		2,349	7,885
Tax expense	4	1,269	2,237
Net profit for the year		1,080	5,648

The net profit for the year of NOK 1,080 has been transferred to other equity, see Note 9..

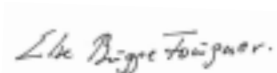
competitive export financing will thus remain a key instrument. Export Credit Norway has noted increasing interest among exporters at its local information events. At the same time, there are indications that credit may become harder to secure going forward, and the importance of the company's loan scheme for both industry and the financial sector is therefore set to increase. In addition, Export Credit Norway must facilitate closer collaboration with other policy instruments to utilise their expertise and networks.

Lending volumes are expected to decline in response to reduced investment and activity levels in the offshore industry. The oil and gas equipment sector is expected to generate fewer rig financing projects. Export Credit Norway will increasingly

focus on businesses undergoing restructuring, and this will impact lending figures for the next few years. However, the company expects the export credit scheme to remain highly relevant despite the drop in lending levels.

On the other hand, Export Credit Norway anticipates growth in parts of the oil and gas segment which have previously made less use of the export credit scheme. As regards the maritime sector, a drop is expected in the offshore ship market, while growth is forecast in the market for fishing vessels, well boats, fish farms and equipment for non-offshore vessels. Export Credit Norway also expects continued growth in application numbers and loan disbursement volumes in most mainland industry segments.

Oslo, 14. April 2016



Else Bugge Fougner
Board chair



Siri Beate Hatlen
Board member



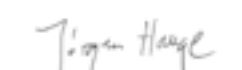
Trude Husevåg
Board member



Finn Ivar Marum
Board member



Arild Vik
Board member



Jørgen Christian Hauge
Board member



Jarle Roth
Chief Executive Officer

Balance sheet

(All amounts in NOK '000)	Notes	31 Dec. 2015	31 Dec. 2014
ASSETS			
Fixed assets			
Intangible assets	5	5,895	8,509
Means of transport, fixtures and computer equipment	5	1,682	2,842
Deferred tax asset	4	6,335	7,301
Total fixed assets		13,912	18 652
Current assets			
Trade receivables	6	4,390	4,861
Other receivables	6	356	694
Cash and cash equivalents	7	65,540	63,453
Total current assets		70,286	69,008
TOTAL ASSETS		84,198	87,660
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital	8	10,000	10,000
Share premium account	8	3,917	3,917
Total paid-in equity		13,917	13,917
Retained earnings			
Other equity	9	31,498	30,417
Total equity		45,414	44,334
LIABILITIES			
Provisions for liabilities			
Pension liabilities	10	13,126	11,567
Investment grants not recognised as income	2	5,406	7,442
Other long-term liabilities	10, 12	2,360	2,360
Total provisions for liabilities		20,892	21,370
Current liabilities			
Trade payables	11	4,567	4,868
Public taxes and charges payable	4, 11	4,330	7,030
Other current liabilities	10, 11, 12	8,995	10,058
Total current liabilities		17,892	21,956
Total liabilities		38,784	43,326
TOTAL EQUITY AND LIABILITIES		84,198	87,660

Oslo, 14. April 2016


Else Bugge Fougner
Board chair


Siri Beate Hatlen
Board member


Trude Husevåg
Board member


Finn Ivar Marum
Board member


Arild Vik
Board member


Jørgen Christian Hauge
Board member


Jarle Roth
Chief Executive Officer

Cash flow statement

(All amounts in NOK '000)	1 Jan.-31 Dec. 2015	1 Jan.-31 Dec. 2014
Cash flow from operations		
Grants	100,000	100,500
Interest income	1,565	1,815
Outflows from operations	99,478	95,373
Net cash flow from operations	2,087	6,942
Cash flow from investments		
Investments in tangible fixed assets*	0	-3,237
Payment received upon sale of fixed asset	0	270
Net cash flow from investments	0	-2,967
Cash flow from financing activities		
Paid-in equity	0	0
Net cash flow from financing activities	0	0
Net change in cash and cash equivalents during the year	2,087	3,975
Cash and cash equivalents as at 1 January	63,453	59,478
Cash and cash equivalents as at 31 December	65,540	63,453

* Purchases of non-current assets recognised in the balance sheet, including intangible assets, fixtures and means of transport

NOTE 1 | ACCOUNTING PRINCIPLES**General principles**

The annual accounts have been prepared, and are presented, in Norwegian kroner (NOK). The annual accounts have been prepared in accordance with good accounting practice and, unless explicitly provided otherwise, the provisions of the Accounting Act (including the basic accounting principles: the transaction principle, the earned income principle, the matching principle and the prudence principle), related regulations and final Norwegian accounting standards in their current form as at 31 December 2015.

Where uncertainties have arisen, the company has used best estimates based on the information available at the time the annual accounts were presented, and the effects of changes to accounting estimates are normally recognised in the income statement. All income and costs have been recognised in the income statement. The annual accounts have been prepared in accordance with uniform principles applied consistently over time. The annual accounts have been prepared based on the going-concern assumption.

Information about new accounting standards

The Norwegian Accounting Standards Board has adopted certain changes to its standards with effect from 1 January 2015. The company's preliminary assessment is that none of the new/amended accounting standards will have a material effect.

The use of estimates and information on significant estimates

The accounting principles described above have required the company to apply estimates and assumptions that have affected items in the income statement and balance sheet. The estimates are based on experience and an assessment of underlying factors. Assessments, estimates and assumptions with a material effect on the accounts are summarised below.

Appreciation, amortisation and impairment

The appreciation, amortisation and impairment of tangible fixed assets and intangible assets are based on the assumed economic lifetimes of these assets. Future investment decisions will affect expected service life. This may occasion changes to appreciation, amortisation and impairment profiles, and will impact on future results.

Pensions

The calculation of the fair value of pension liabilities is based on various financial and demographic assumptions. Any change in the applied assumptions will affect the calculated liability. Reference is made to the note on pension liabilities for a more detailed description of the assumptions applied.

Provisions

Certain income statement items include a provision in respect of anticipated future costs. These provisions are based on estimates and the information available at the time the accounts are presented, and may differ from actual future costs. Provisions have primarily been made for the cost of replacing the early retirement pension scheme and performance-related employee remuneration."

Grants/operating revenues

The company receives a grant from the Ministry of Trade, Industry and Fisheries for use in assignments in accordance with the company's objectives. The grant is approved annually by the Storting (the Norwegian parliament), and is awarded by the Ministry through annual assignment letters. The grant may comprise a combination of operating and investment grants.

The operating grant is disbursed in instalments to reflect the pace of planned activities. Instalments are fully recognised as operating revenue in the period in which the company performs a given activity. Instalments are recognised gross.

Investment grants are recognised gross and treated as deferred income, and are recognised in the income statement as an adjustment to amortisation in line with the amortisation period for the associated investment. Accrued grants are recognised as operating revenues in the income statement.

Pensions

The company operates both defined-contribution and defined-benefit pension schemes. Contributions to defined-contribution schemes are paid into pension insurance plans. Once the contributions have been paid, there are no further liabilities. Payments into defined-contribution schemes are recognised in the income statement in the period to which a given payment relates.

The liability recognised in the balance sheet in respect of defined-benefit schemes is the present value of the defined benefit on the balance sheet date, less the fair value of the pension assets, adjusted for estimate deviations not recognised in the income statement. Pension liabilities are calculated annually by an actuary using a linear earnings method and the expected final salary. The net liabilities recognised in the balance sheet include employer's national insurance contributions.

The net pension cost for the period relating to defined-benefit schemes is included in salaries and payroll costs, and comprises the accrued pension entitlements for the period, the interest expense on the estimated pension liabilities, the expected return on pension assets, the effect on the income statement of changes in estimates and accrued employer's national insurance contributions.

Estimate deviations attributable to new information or changes in actuarial assumptions that exceed the higher of 10% of the value of pension assets or 10% of the value of pension liabilities are recognised in the income statement over the expected remaining accrual period.

Value added tax

Export Credit Norway sells services involving the provision of financing exempted from value added tax pursuant to section 3-6(b) of the Value Added Tax Act.

Classification of assets and liabilities

Assets intended for permanent ownership or long-term use are classified as fixed assets. Other assets are classified as current assets. Receiv-

NOTE 1 (cont.) | ACCOUNTING PRINCIPLES

ables falling due for payment within one year of the acquisition date are classified as current assets. Corresponding criteria are applied in the classification of current and long-term liabilities.

Fixed assets

Fixed assets are valued at acquisition cost less deductions for depreciation, amortisation and impairments. Fixed assets are written down to fair value when any impairment in value is not considered to be temporary in nature.

Intangible assets

Intangible assets are recognised in the balance sheet when a future economic benefit linked to the development of an identifiable intangible asset can be identified and related expenses can be reliably measured.

Purchased software is recognised in the balance sheet at acquisition cost (including the cost of making software operational), and is depreciated over its expected useful life (up to five years). Costs relating to the development or maintenance of software are expensed as they arise.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet and depreciated on a straight-line basis over their expected economic lifetime. Direct maintenance of such assets is expensed on an ongoing basis under operating expenses, while upgrades and improvements are added to the cost of the asset and depreciated in tandem with it. If the recoverable value of an asset is lower than its book value, the asset is written down to the recoverable amount. The recoverable amount is the higher of the net sale value and the value in use. The value in use is the present value of the future cash flows the asset is expected to generate.

Current assets

Current assets are valued at the lower of acquisition cost and fair value. Trade receivables are recognised at nominal value less a provision for expected losses. Receivables are written down based on an assessment of delayed payment and other indications that the customer is experiencing payment difficulties.

Current liabilities

Current liabilities are recognised at nominal value in the balance sheet on the date they are incurred.

Taxes

The tax expense comprises taxes payable during the period and changes in deferred tax liabilities/deferred tax assets. Tax payable is calculated based on the taxable result for the year. The net deferred tax liabilities/deferred tax assets are calculated as 25% of any temporary differences between the accounting values of assets and liabilities and their values for tax purposes, plus any tax loss carry-forwards at the end of the financial year. A net deferred tax asset is recognised in the balance sheet if it is likely that it can be utilised.

Foreign currency

Transactions in foreign currencies are converted using the exchange rate applicable at the time of the transaction. Monetary items in foreign currencies are converted into NOK using the exchange rate applicable on the balance sheet date. Changes in exchange rates are recognised in the income statement on an ongoing basis during the accounting period, under financial items.

Cash flow statement

The cash flow statement has been prepared in accordance with the direct method. Cash and cash equivalents include bank deposits.

NOTE 2 | GRANTS AND OTHER INCOME

In 2015, the company received operating/investment grants from the Norwegian State totalling NOK 100 million, excluding value added tax. The company had no other income.

<i>(All amounts in NOK '000)</i>	2015	2014
Operating grant	100,000	97,263
Investment grants recognised in the income statement during the period	2,036	1,639
Total grants recognised in the income statement	102,036	98,902
Gain on sale of fixed asset	0	44
Total operating revenues	102,036	98,946
Change in investment grants recognised in the balance sheet as at 31 December	0	1,598
Total grants and other income	102,036	100,544

NOTE 3 | SALARIES AND PAYROLL COSTS, NUMBER OF EMPLOYEES, REMUNERATION, ETC.

<i>(All amounts in NOK '000)</i>	2015	2014
Salaries	45,634	45,515
Employer's national insurance contributions	6,947	6,566
Pension costs	8,955	5,894
Other personnel costs	3,282	3,164
Total salaries and payroll costs	64,817	61,139

<i>Number of employees</i>	2015	2014
Number of employees as at 31 December	43	44
Number of temporary employees	4	2
Number of employees with signed employment agreements who had not yet started work as at 31 December	1	1
Number of full-time equivalents employed	43	43

NOTE 4 | TAX EXPENSE

<i>(All amounts in NOK '000)</i>	2015	2014
Calculation of tax payable		
Profit before tax on ordinary operations	2,349	7,885
Permanent differences	473	400
Change in temporary differences	-1,700	1,907
Basis for tax payable	1,122	10,192
Tax payable on the result for the year (27%)	303	2,752
Tax payable in the balance sheet comprises		
Tax payable on the profit for the year	303	2,752
Total tax payable in the balance sheet	303	2,752
The tax expense for the year comprises		
Tax payable on the profit for the year	303	2,752
Change in deferred tax asset	966	-515
Total tax expense for the year	1,269	2,237
Breakdown of the basis for deferred tax		
Operating assets	-767	-338
Net pension liabilities	-13,126	-11,567
Investment grants not recognised as income	-5,406	-7,442
Other temporary differences	-6,040	-7,692
Total temporary differences	-25,339	-27,039
Deferred tax (+)/deferred tax asset (-) as at 31 December	-6,335	-7,301
Reconciliation of nominal and actual tax rates		
Expected tax at nominal rate (27%)	634	2,129
Effect of permanent differences	128	108
Effect of change in tax rate (25%) when calculating deferred tax/deferred tax asset	507	0
Tax expense per income statement	1,269	2,237

NOTE 5 | INTANGIBLE ASSETS AND FIXED ASSETS

2015 (All amounts in NOK '000)	Intangible assets	Fixtures	Computer equipment	Means of transport	Art	Total
Acquisition cost 1 Jan. 2015	12,543	3,439	2,297	0	28	18,307
Acquisition of operating assets	0	0	0	0	0	0
Disposals of operating assets	0	0	0	0	0	0
Acquisition cost 31 Dec. 2015	12,543	3,439	2,297	0	28	18,307
Accumulated amortisations 1 Jan. 2015	4,034	1,317	1,604	0	0	6,955
Amortisations for the year	2,614	701	460	0	0	3,775
Reversal of accumulated amortisations				0	0	0
Book value 31 Dec. 2015	5,895	1,421	233	0	28	7,577
Useful life	4-5 år	5år	3 år	Reducing balance (20%)	Not depreciated	
Depreciation schedule	Linear	Linear	Linear			

2014 (All amounts in NOK '000)	Intangible assets	Fixtures	Computer equipment	Means of transport	Art	Total
Acquisition cost 1 Jan. 2014	10,811	2,428	1,831	400	0	15,470
Acquisition of operating assets	1,732	1,011	466	0	28	3,237
Disposals of operating assets	0	0	0	400	0	400
Acquisition cost 31 Dec. 2014	12,543	3,439	2,297	0	28	18,307
Accumulated amortisations 1 Jan. 2014	1,668	714	903	144	0	3,429
Amortisations for the year	2,366	603	701	30	0	3,700
Reversal of accumulated amortisations				174	0	174
Book value 31 Dec. 2014	8,509	2,122	693	0	28	11,352
Useful life	4-5 år	5år	3 år	Reducing balance (20%)	Not depreciated	
Depreciation schedule	Linear	Linear	Linear			

NOTE 6 | TRADE RECEIVABLES AND OTHER RECEIVABLES

(All amounts in NOK '000)	2015	2014
Trade receivables	3,248	3,795
Costs re-invoiced to borrowers	1,142	2,308
Provision for losses on receivables	0	-1,242
Total short-term receivables	4,390	4,861
Total pre-payments to suppliers	356	694

NOTE 7 | CASH AND CASH EQUIVALENTS

As at 31 December 2015, the company held NOK 65.5 million in cash and cash equivalents, including NOK 2.3 million in tax deducted at source.

NOTE 8 | SHARE CAPITAL AND SHAREHOLDER INFORMATION

The company's share capital totalled NOK 10 million as at 31 December 2015, distributed among 10,000 shares with a nominal value of NOK 1,000 each. All of the shares are owned by the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries, and all of the shares carry the same rights.

NOTE 9 | EQUITY

(All amounts in NOK '000)	Share capital	Share premium account	Other equity	Total
Equity 31 Dec. 2014	10,000	3,917	30,417	44,334
Profit for the year	0	0	1,080	1,080
Equity 31 Dec. 2015	10,000	3,917	31,498	45,414

NOTE 10 | PENSION COSTS

The company is obliged to have an occupational pension scheme pursuant to the Act on Mandatory Occupational Pensions. The company has established a pension scheme which meets the requirements in the Act on Mandatory Occupational Pensions, in the form of a closed defined-benefit scheme and a defined-contribution scheme. All employees have a contractual early retirement (AFP) pension which allows them to draw some of their pension between the ages of 62 and 66.

Defined-contribution scheme

The company operates a defined-contribution scheme in accordance with the Act on Mandatory Occupational Pensions. The premium rates are 5% of salary between one and six Gs (G = the Norwegian national insurance scheme basic amount), and 8% of salary from six to 12 Gs. The defined-contribution pensions of 21 employees fall below the 12 G threshold.

Five senior executives also have agreements for a defined-contribution scheme for salary above 12 Gs. The scheme includes external funding corresponding to 30% of salary above 12 G.

Defined-benefit scheme

Twenty-six of a total of 29 employees transferred from Eksportfinans ASA upon the establishment of Export Credit Norway are members of a closed collective defined-benefit scheme. The scheme is funded through an insurance company.

One senior executive and one other employee transferred from Eksportfinans ASA have individual agreements concerning a defined-benefit scheme for salary above 12 Gs.

See Note 12 for an overview of salary and other remuneration received by senior executives

The pension costs have been calculated by an actuary in accordance with the recommendations of NRS 6. Pension costs and liabilities include employer's national insurance contributions.

The company also operates a contractual early retirement (AFP) pension scheme. The scheme must be regarded as a defined-benefit, multi-enterprise scheme, but is for accounting purposes being treated as a defined-contribution scheme until reliable, adequate information is available that allows the company to recognise its proportionate share of pension costs, pension liabilities and pension assets in its accounts. The company's liabilities are thus not recognised as debt in the balance sheet.

NOTE 10 (cont.) | PENSION COSTS

2015 (All amounts in NOK '000)			
Net pension costs (benefit)	Funded scheme	Unfunded scheme	Total
Present value of accrued pension entitlements for the year	3,906	738	4,644
Interest expense on pension liabilities	1,366	197	1,563
Expected yield on pension assets	-1,354	0	-1,354
Estimate deviations recognised in the income statement	883	170	1,053
Employer's national insurance contributions	552	132	684
Net pension costs defined-benefit scheme	5,353	1,236	6,589

2015 (All amounts in NOK '000)			
Liabilities recognised in the balance sheet (benefit)	Funded scheme	Unfunded scheme	Total
Accrued pension liabilities	-58,354	-8,200	-66,554
Pension assets at market value	45,545	0	45,545
Estimate deviations not recognised in the income statement	8,720	-836	7,884
Net pension assets (+)/liabilities (-)	-4,089	-9,037	-13,126
Of which employer's national insurance contributions	1,583	1,013	2,596

Assumptions	31 Dec. 2015	31 Dec. 2014
Discount rate	2.70 %	2.30 %
Expected yield on pension assets	3.30 %	3.20 %
Expected salary increases	2.50 %	2.75 %
Expected adjustment in the national insurance scheme basic amount (G)	2.25 %	2.50 %
Expected pension adjustment	0.00 %	0.00 %
Mortality table applied	K2013	K2013

The assumptions are based on conditions at the time of the preparation of the annual financial statements and on company-specific conditions.

2015 (All amounts in NOK '000)		
Total net pension costs	2015	2014
Net defined-benefit pension costs	5,905	491
Employer's national insurance contributions on paid-in premiums under defined-benefit pension scheme	684	585
Other elements	0	-82
Expensed early retirement (AFP) pensions	496	412
Replacement of pension scheme	0	2,650
Net defined-contribution pension costs	1,870	1,838
Total net pension costs	8,955	5,894

Export Credit Norway has concluded an agreement with Eksportfinans ASA containing a conditional obligation to repay an amount received from Eksportfinans ASA in settlement of occupational pension liability in 2013 if a senior executive resigns from Export Credit Norway during a specified period of time. Export Credit Norway considers it less than 50% likely that the affected employee will resign by the specified date. Based on this probability calculation, Export Credit Norway considers it unlikely that the amount will be repaid to Eksportfinans ASA in full or in part. Accordingly, in accordance with NRS 13, no provision has been made in respect of this conditional liability to Eksportfinans ASA in the 2015 accounts.

NOTE 11 | CURRENT LIABILITIES

(All amounts in NOK '000)	2015	2014
Trade payables	4,567	4,868
Tax payable	303	2,752
Other public taxes and charges payable	4,027	4,278
Provision for liabilities	4,094	5,115
Provision for holiday pay	4,633	4,628
Pre-payments received from customers	268	315
Total current liabilities	17,892	21,956

NOTE 12 | REMUNERATION PAID TO SENIOR EXECUTIVES AND THE BOARD OF DIRECTORS

Board declaration on salaries and other remuneration paid to senior executives

The declaration concerning remuneration paid to the CEO and senior executives is consistent with the guidelines for state ownership, including the "Guidelines on salaries and other remuneration paid to senior executives in enterprises in which the state has an ownership interest" (adopted by the Ministry of Trade, Industry and Fisheries with effect from 13 February 2015). The company's guidelines are described below. Remuneration paid to senior executives is specified, and an overview is provided of remuneration paid to the board of directors.

Remuneration guidelines

Export Credit Norway has drawn up guidelines to ensure that salary policies and salary schemes are uniform throughout the company. It aims to be a competitive, but not leading, salary payer compared to relevant companies. The compensation packages of senior executives must reflect the responsibilities and complexities involved in their positions, the company's values and culture, each executive's conduct and performance, and the need to attract and retain key individuals. The schemes are transparent and consistent with the Norwegian Code of Practice for Corporate Governance.

Decision-making process

The remuneration of the CEO is determined by the board of directors, while the CEO determines the remuneration of other executives in consultation with the board.

Remuneration elements

The total remuneration package comprises a fixed salary (main element), performance-related remuneration, benefits-in-kind and pension and insurance schemes.

The fixed salary is subject to annual review and is set based on factors such as salary development in general and in the finance industry in particular. The annual review takes effect on 1 May of each year.

Performance-related remuneration is subject to annual review, and the scale is set by the company's board. Performance-related remuneration is set based on both an overall assessment and criteria which the employee can influence and which are linked to the company's objectives, action plans and values in specific areas (set at the beginning of the year). The company's objectives are operationalised in the form of scorecards intended to support the objectives set by the owner. The scheme is the same for all employees, including senior executives, and subject to a ceiling of 1.5 months' fixed salary. CEO has resigned to take up a management position in another company. For this reason, he is not part of the scheme. Like other employees, senior executives are offered benefits-in-kind such as newspapers/magazines and telephone/communication benefits. The subsidised personal loan scheme was closed at the end of the year. One senior executive was a member of the scheme before its closure, on the same basis as other employees. Benefits-in-kind are not of a material size compared with an employee's fixed salary.

In addition to the ordinary pension scheme, some senior executives, including the CEO, are members of a defined-contribution scheme for salary above 12 Gs. This scheme was established before the government adopted new guidelines. The new guidelines require parity between the pension conditions of senior executives hired after 13 February 2015 and those of other company employees. One senior executive transferred from Eksportfinans ASA has an individual agreement concerning a defined-benefit pension for salary above 12 Gs. See Note 10 for an overview of the company's pension schemes.

Individual schemes

The CEO has an agreement providing severance pay for up to one year after leaving the company. This arrangement is in accordance with the government's guidelines. The CEO resigned from his position in March 2016, but will remain in place until June 2016. Some senior executives

NOTE 12 (cont.) | REMUNERATION PAID TO SENIOR EXECUTIVES AND THE BOARD OF DIRECTORS

transferred from Eksportfinans ASA have maintained individual agreements on severance pay. No other senior executives have agreements on severance pay. The CEO and most senior executives have agreements relating to fixed car benefits. All board members receive fixed board fees.

The company pays no other types of remuneration than those discussed above.

Statement relating to the financial year 2015

The executive remuneration policy for the financial year 2015 has been implemented as described above and in accordance with the guidelines considered at Export Credit Norway's annual general meeting in 2015.

Remuneration paid to senior executives

2015 (All amounts in NOK '000)	Salary ¹⁾	Interest benefit ²⁾	Bonus ³⁾	Other remuneration ⁴⁾	Pension ⁵⁾
Jarle Roth	2,752	0	0	175	578
Eli Skrøvset	1,827	0	135	171	311
Olav Einar Rygg	1,489	0	120	173	611
Ivar Slengesol ⁶⁾	1,360	7	118	175	611
Tobias Hvinden	1,305	0	129	175	349
Jostein Djupvik	1,223	0	121	174	337
Ellen B. Svaheim ⁷⁾	73	0	100	3	192

2014 (All amounts in NOK '000)	Salary ⁸⁾	Interest benefit ²⁾	Bonus ⁹⁾	Other remuneration ⁴⁾	Pension ⁵⁾
Jarle Roth	2,672	0	0	175	561
Eli Skrøvset	1,762	0	154	168	299
Olav Einar Rygg	1,462	6	135	170	531
Ivar Slengesol	1,306	20	147	171	335
Tobias Hvinden	1,247	0	125	172	269
Jostein Djupvik	1,208	9	88	171	250

¹⁾ Salary and holiday pay in 2015 less bonus paid in 2015.

²⁾ Subsidised interest rate on mortgage. The scheme was closed in 2015.

³⁾ Shows bonus paid in 2016, accrued in 2015, including holiday pay.

⁴⁾ Benefits-in-kind comprise all non-cash benefits received during the year and include the taxable proportion of insurance premiums, car allowances and telecommunications benefits.

⁵⁾ The change in the value of the pension rights reflects both the effect of one year's additional accrual and an adjustment of the present value of previously accrued pension rights. The estimated change in accrued pension rights is calculated as the increase in pension liabilities (PBO) assuming stable economic prospects. The increase thus includes both pensions accruals during the year and the interest element linked to total accrued pension rights. The table shows the estimated change in value from 1 January to 31 December for all persons. The pension arrangements also include a defined-contribution scheme.

⁶⁾ The pension arrangements include a payment of NOK 253,000 in respect of the capital value of previously accrued defined-benefit pension entitlement exceeding 12G under the closed pension scheme.

⁷⁾ Ellen B. Svaheim joined the management group on 1 December 2015. The reported salary and other remuneration relate solely to December 2015.

⁸⁾ Salary and holiday pay in 2014 less bonus paid in 2014.

⁹⁾ Shows bonus paid in 2015, accrued in 2014, including holiday pay.

NOTE 12 (cont.) | REMUNERATION PAID TO SENIOR EXECUTIVES AND THE BOARD OF DIRECTORS**Remuneration paid to the board**

(All amounts in NOK '000)	2015	2014
Else Bugge Fougner (board chair)	309	300
Siri Hatlen	186	180
Trude Husevåg	186	180
Finn Ivar Marum	186	180
Øivind Kristian Rue ¹⁰⁾	74	180
Arild Vik ¹⁰⁾	112	0
Jørgen Hauge ¹¹⁾	208	203
Marie Sørli (observer) ¹²⁾	36	9
Kaare Arne Haahjem (observer) ¹³⁾	0	26

¹⁰⁾ Arild Vik replaced Øivind Kristian Rue as a board member on 22 May 2015.

¹¹⁾ The board remuneration paid to Hauge in 2014 includes a payment in arrears of NOK 34,000 in respect of 2013. In 2015, Hauge was paid NOK 22,000 in arrears in respect of board remuneration for 2013 and 2014. These payments in arrears were necessitated by errors in previously made payments.

¹²⁾ The board remuneration for observers was NOK 36,000 in 2015 and NOK 35,000 in 2014.

Marie Sørli received board remuneration for one quarter in 2014.

¹³⁾ Kaare Arne Haahjem received board remuneration for three quarters in 2014.

NOTE 13 | REMUNERATION PAID TO THE AUDITOR

Expensed fees linked to the auditing of the company's financial accounts, excluding value added tax.

(All amounts in NOK '000)	2015	2014
Statutory audit	252	338
Tax advice	12	22
Other certification services	35	64
Other non-audit services	0	0
Total auditor's fees	299	424

NOTE 14 | LEASES

In 2012, the company signed an agreement to lease office space from Bendixen Eiendom AS. The lease period ran until 14 June 2017, and contained an option to extend by five years. The company signed a new lease with Bendixen Eiendom AS in 2014 for additional space on the same floor as the company's offices. The lease periods under the old and new leases were synchronised so that both leases run until 14 June 2019, with an option to extend by five further years.

In 2015, the rental cost totalled NOK 4.2 million (2014: NOK 3.4 million), including running and shared costs.

NOTE 15 | RELATED PARTIES

Export Credit Norway has no ownership interests in other companies.

Members of the board of directors and senior executives may not participate in the consideration or determination of matters in which they or parties related to them must be considered to have a direct or indirect personal or financial interest. Directors and executives have a personal duty to ensure that they are not disqualified from participating in the consideration of a given matter.

Pursuant to the authorisation granted by the Storting, the Norwegian State takes over loans from Eksportfinans ASA in connection with margin renewal, through the export credit scheme. Export Credit Norway's mandate gives it responsibility for the practical transfer and subsequent follow-up of loans. Loans are taken over in accordance with the same principle as applied to the loans the State took over before Export Credit Norway was established. Eksportfinans ASA is not considered a related party.

At the end of 2015, 74% of the lending portfolio under the export credit scheme was guaranteed by GIEK. GIEK is an administrative body, and thus part of the Norwegian State's legal person, whereas Export Credit Norway is an independent legal person wholly-owned by the Norwegian State. An important principle is that the conditions that apply in transactions involving GIEK and Export Credit Norway must be determined on an independent basis. GIEK is not considered a related party.


NOTE 16 | FINANCIAL MARKET RISK

Export Credit Norway's financial market risk is limited. Disbursements connected to external assistance are re-invoiced to borrowers. The company has agreed with its owner, the Ministry of Trade, Industry and Fisheries, that any losses linked to such re-invoicing will be covered by the State in the year after they are incurred.

NOTE 17 | EVENTS AFTER THE BALANCE SHEET DATE

The company is unaware of events after the balance sheet date that affect the 2015 annual accounts.

AUDITOR'S REPORT



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In the Annual Shareholders Meeting in Eksportkredit Norge AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Eksportkredit Norge AS, showing a profit of NOK 1 080 000. The financial statements comprise the balance sheet as at 31 December 2015, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The audit was performed in accordance with the Norwegian Accounting Act and auditing standards and practices generally accepted in Norway, including International Standards on Auditing.	The audit was performed in accordance with the Norwegian Accounting Act and auditing standards and practices generally accepted in Norway, including International Standards on Auditing.	The audit was performed in accordance with the Norwegian Accounting Act and auditing standards and practices generally accepted in Norway, including International Standards on Auditing.	The audit was performed in accordance with the Norwegian Accounting Act and auditing standards and practices generally accepted in Norway, including International Standards on Auditing.
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AUDITOR'S REPORT



Independent auditor's report 2015
Eksportkredit Norge AS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Eksportkredit Norge AS as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profits is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures, we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information. It is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslø, 14 April 2016
KPMG AS

Ole Christian Engvold
State Authorized Public Accountant

[Translation has been made for information purposes only]

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8 Annexes

LENDING ACCOUNT 2015

Cash flow statement for the export credit scheme

(All figures in NOK million)	Note	2015	2014
New disbursements	1	17,863	25,117
Interest	1	1,557	1,159
Fee income	1	41	48
Repayments	1	8,493	15,022

Capital account – accounts receivable

(All figures in NOK million)	Note	2015	2014
Opening balance 1 January	2	54,467	44,372
New disbursements	2	17,863	25,117
Repayments	2	8,493	15,022
Corrections (-)	2	-	-
Total changes during the period	2	9,379	10,095
Closing balance 31 December	2	63,837	54,467

SPECIFICATION OF THE LENDING ACCOUNT

NOTE 1 | CASH FLOW STATEMENT

New disbursements, interest income and fee income have been recorded in accordance with the actual exchange rate. Repayments have been recorded at historical cost, i.e. at the exchange rates used when the loans were disbursed. No hedging is undertaken to protect against exchange-rate fluctuations. The State made a repayment-related net foreign exchange gain of NOK 1,277 million in 2015, meaning that repayments corrected for foreign exchange gains totalled NOK 9,770 million.

NOTE 2 | CAPITAL ACCOUNT

All amounts are recorded in accordance with historical rates, i.e. the rates used when the loans were disbursed.

LETTER FROM THE OFFICE OF THE AUDITOR GENERAL OF NORWAY



Riksrevisjonen



Vår saksbehandler
Kjersti Stilesby Mauritzen 22241324
Vår dato 17.03.2016 Vår referanse 2016/00428-1
Deres dato Deres referanse

Utsatt offentlighet jf. revl. § 18(2)

EKSPORTKREDITT NORGE AS
Postboks 1315 Vika
0112 OSLO

Audit of the loan scheme 2015

Lov om Eksportkreditt Norge § 4 fastslår at Riksrevisjonen skal forestå revisjon av låneregnskapet. På denne bakgrunn har Riksrevisjonen for regnskapsåret 2015 revidert låneregnskapet forvaltet av Eksportkreditt Norge AS som en del av Nærings- og fiskeridepartementet sitt regnskap. Det vil ikke bli avgitt revisjonsberetning eller noen annen skriftlig erklæring om låneregnskapet.

Etter fullmakt



Hans Conrad Hansen
ekspedisjonssjef



Elisabeth Slaatråten
avdelingsdirektør

Kopi til: **NÆRINGS- OG FISKERIDEPARTEMENTET**

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COST-BENEFIT ANALYSIS FOR THE EXPORT CREDIT SCHEME 2015

The 2015 cost-benefit analysis has largely been drawn up under the same principles as the cost-benefit analyses for previous years.

- The State's financing cost is set at the beginning of the year for which the cost-benefit analysis is to be prepared. The aim is to reflect the fact that the State provides annual funding. The starting point is the government bond rate with an almost identical average maturity as the respective lending portfolios. When financing costs are specified in a foreign currency, the interest cost in that currency is calculated by means of an adjustment using an interest/currency swap reflecting the interest rate level of that currency.
- The different portfolios are defined as CIRR loans and market loans. These in turn are divided into loans in NOK and loans in foreign currencies, and to reflect the different interest-fixing periods for market loans (3M and 6M IBOR).
- The average maturity is defined as the weighted average maturity of the portfolio from the beginning of the year of calculation until the maturity date.
- The average portfolio size is calculated as follows: (opening balance + closing balance)/2. The balances on 1 January, 30 June and 31 December are used to calculate the average.
- Interest income in foreign currencies will be converted into NOK

using the average exchange rates on the first and last banking days of the year. The balances on 1 January, 30 June and 31 December are used to calculate the average.

- A supplement is included in respect of the State's administration costs connected to financing. This is set at 15 bp, which equals the administration cost notified to ESA in connection with the market pricing of loans.
- A loan loss provision is deducted. This is set at 2 bp, in accordance with the adopted credit policy.
- Administration costs include grants received by Export Credit Norway from the State for the administration of the export credit scheme.

The cost-benefit analysis for 2015 shows a rise in profits compared to 2014, driven not least by growth in the lending portfolio. Market developments have triggered a general drop in financing costs, particularly those denominated in NOK. In the case of the CIRR portfolio, the effects of lower financing costs have more than compensated for the effect of lower calculated interest income (comparison based on an unchanged lending volume). The aggregate positive effects are further reinforced by the depreciation of the Norwegian krone, which has boosted interest income in NOK for loans in foreign currencies. As regards the market loan portfolio, lower margins on IBOR have had a negative impact on profits.

CIRR loans

(All amounts in NOK million)	NOK	USD	GBP	EUR
Weighted CIRR interest rate	2.93 %	2.50%	3.04%	3.16%
Financing cost	0.99%	1.23%	0.82%	-0.19%
FX swap	0.00%	0.11%	0.08%	-0.05%
Administration costs	0.15%	0.15%	0.15%	0.15%
Financing cost incl. administration costs	1.14%	1.49%	1.04%	-0.09%
Net interest margin	1.78%	1.01%	2.00%	3.24%
Average portfolio – foreign currencies	17,210	2,800	32	62
Average portfolio – NOK	17,210	22,558	389	564
Net interest income	307	228	8	18
Loss provisions (2 bp)	3	5	0	0
Net interest income less loss provisions	304	223	8	18
Total net interest income CIRR loans	553			

Market loans

	NOK		GBP	USD		EUR	
	3 M NIBOR	6 M NIBOR	6 M LIBOR	3 M LIBOR	6 M LIBOR	3 M EURIBOR	6 M EURIBOR
<i>(All amounts in NOK '000)</i>							
Weighted average margin over IBOR	0.73%	0.80%	1.33%	0.92%	0.85%		0.69%
NOK swap spread	-0.46 %	-0.46%	-0.46%	-0.46%	-0.46%		-0.45%
FX swap			0.11%	0.13%	0.13%		-0.01%
Basis swaps (3M v. 6M)		-0.09%	-0.09%		-0.08%		-0.10%
Swap spread IBOR	-0.46%	-0.55%	-0.45%	-0.33%	-0.42%		-0.56%
Administration costs	0.15%	0.15%	0.15%	0.15%	0.15%		0.15%
Financing cost incl. administration costs	-0.31%	-0.40%	-0.30%	-0.18%	-0.27%		-0.41%
Net interest margin	1.04 %	1.20%	1.63%	1.10%	1.12%		1.10%
Average portfolio							
– foreign currencies	1,919	5,704	22	1,476	965		68
Average portfolio – NOK	1,919	5,704	275	11,897	7,777		625
Net interest income	20	69	4	131	87		7
Loss provisions (2 bp)	0	1	0	2	2		0
Net interest income less loss provisions	20	67	4	129	85		7
Total net interest income market loans	313						

	1 Jan. – 31 Dec. 2015	1 Jan. – 31 Dec. 2014
Total net interest income	866	586
Fee income	41	48
Total income	907	635
Administration costs	100	101
Result for the export credit scheme	807	533

The following maturities and exchange rates have been used in the calculations for 2015:

	NOK	USD	GBP	EUR
Average maturity (CIRR)	6 years	5 years	5 years	6 years
Average maturity (market)	3 years	3 years	3 years	2 years
Exchange rate (average)	-	8.0580	12.3403	9.1507

JOINT INDUSTRY DISTRIBUTION WITH GIEK*

Lending balance as at 31 December 2015

Industry	Oil and gas	Other industries	Renewable energy	Total
Volume in (NOK millions)	72,658	2,621	1,219	76,499
Proportion maritime (NOK millions)	62,814	2,554	462	65,830
Number	183	41	7	231
Proportion maritime	166	31	5	202

Applications 2015

Industry	Oil and gas	Other industries	Renewable energy	Total
Volume in (NOK millions)	71,858	38,865	9,364	120,088
Proportion maritime (NOK millions)	59,420	17,957	1,589	78,966
Number	97	136	42	275
Proportion maritime	72	67	13	152

*The joint industry distribution with GIEK is designed at the request of the Ministry of Trade and Fisheries. The objective of the distribution is to ease the comparison of lending balance held by GIEK and Export Credit Norway.

STATEMENT ON GOVERNANCE AND COMPANY MANAGEMENT

Export Credit Norway is wholly owned by the Norwegian state. Section 8.2.3 of the white paper on diverse and productive ownership (Meld. St. 27 (2013-2014)) states that all wholly state-owned companies should comply with the Norwegian Code of Practice for Corporate Governance (NUES) wherever applicable, and as part thereof provide an overall statement on their governance and company management, including an account of any non-conformances with the code.

Export Credit Norway follows the state's principles for good governance and company management, and has prepared a statement on its compliance with NUES.

Sections 1 to 15 below describe the company's observance of the individual parts of NUES. The statement provides an overarching description of fulfilment of the principles, the reasons for any non-conformances and the arrangements made by Export Credit Norway in response to non-conformances.

1. Implementation and reporting on corporate governance

Export Credit Norway was established pursuant to the Export Credit Act. The company is wholly owned by the Norwegian state as represented by the Ministry of Trade, Industry and Fisheries. Good governance and company management help Export Credit Norway to focus on its primary objective of promoting Norwegian exports by providing competitive, accessible and effective export financing.

The company's board of directors ensures that Export Credit Norway engages in good governance and company management, not least by adopting a risk management and internal control framework. The board has clarified the company's values through annual review of the company's strategy document and approval of the company's ethical guidelines and social responsibility policy. The board has also adopted board instructions and instructions for the CEO. Export Credit Norway's ethical guidelines and social responsibility policy are published on its website.

Export Credit Norway has introduced an integrated framework for risk management and internal control. The framework will be fully implemented in 2016.

The company's aim is for all employees to have an awareness of internal control and operational risk management as an integral part of their daily routines.

2. Business

Export Credit Norway's activities and purpose are described in article 3 of its articles of association, which states that:

"The purpose of the company shall be to manage a state scheme for the provision of financial services in connection with Norwegian exports of capital goods and services. To promote this purpose, the company may, in its own name

1. issue officially supported export credits in compliance with international agreements, and
2. issue loans on market terms as an alternative to loans as mentioned in sub-paragraph 1. If special circumstances so indicate, the loans may be issued in the name of the state."

Export Credit Norway's primary objective is to promote Norwegian exports by providing competitive, accessible and effective export financing. The company's assignment and objective are specified in annual assignment letters the company receives from its owner. Export Credit Norway's values are "responsible", "enthusiastic" and "dynamic". The company's board adopts a strategy plan for the company every year. The strategy is discussed in the company's annual report.

Export Credit Norway receives annual grants for the administration of the export credit scheme via the fiscal budget.

3. Equity and dividends

Export Credit Norway's equity totalled NOK 45.4 million as at 31 December 2015, and is considered appropriate in view of the company's needs. The company's operational model provides that loans and loan-related items are recorded directly in the central government accounts, and the company accounts include only grants from the state and costs relating to the company's ordinary operations.

The company's operational model includes annual grants from its owner adjusted in view of the company's cost level, and accordingly no dividends are

normally paid. The general meeting will resolve any dividend distribution, but will not be bound by the board's proposal in this regard; see section 20-4(1) (4) of the Limited Liability Companies Act.

4. Equal treatment of shareholders and transactions with close associates

The company has only one share class. All shares in the company are owned by the Norwegian state and managed by the Ministry of Trade, Industry and Fisheries.

Export Credit Norway does not engage in transactions with close associates.

The company's board instructions state that board members are subject to the disqualification rules in the Limited Liability Companies Act and Public Administration Act. Board members are required to give notice on their own initiative of matters which may entail disqualification. The same is specified in the company's ethical guidelines.

Since all shares in the company are owned by the state, the NUES recommendations in the second and third paragraphs of this section are deemed inapplicable to the company.

5. Freely negotiable shares

Pursuant to section 2 of the Export Credit Act and article 5 of the company's articles of association, all shares in the company must be owned by the state, represented by the Ministry of Trade, Industry and Fisheries. Accordingly, the NUES recommendations in this section are deemed inapplicable to the company.

6. General meetings

The Norwegian state, represented by the Ministry of Trade, Industry and Fisheries, constitutes the general meeting of Export Credit Norway.

A general meeting is held by the end of June every year. The company's auditor attends the general meeting. A representative of the Office of the Auditor General of Norway is also invited to attend the meeting. The board chair and CEO also attend. Other board members are invited and attend if they wish.

The minutes of ordinary general meetings are

published on the company's website.

Section 20-5(1) of the Limited Liability Companies Act provides that the Ministry of Trade, Industry and Fisheries gives notice of both ordinary and extraordinary general meetings, and decides the form of notice. Accordingly, the NUES recommendations relating to the giving of notice of general meetings are deemed inapplicable to the company.

7. Nomination committee

The company has no nomination committee. The selection of board members complies with the procedures adopted by the Ministry of Trade, Industry and Fisheries for the composition of the boards of wholly owned companies. The board is elected by the general meeting in accordance with section 20-4(1) of the Limited Liability Companies Act. One board member and one observer are elected by and from among the employees pursuant to the provisions of the Limited Liability Companies Act. Accordingly, the NUES recommendations in this section are deemed inapplicable to the company.

8. Corporate assembly and board of directors: composition and independence

Export Credit Norway has no corporate assembly. Pursuant to article 6 of the company's articles of association, the company's board shall consist of at least five and no more than seven members, as decided by the general meeting. Members elected by and from among the employees are elected in accordance with the Limited Liability Companies Act and regulations issued pursuant to the provisions of the Limited Liability Companies Act on employees' right to board representation. Other members, including the board chair, are elected by the general meeting. Board members are elected for up to two years at a time.

In 2015, the board consisted of five shareholder-elected members – three women and two men. Overall, the board consists of three women and three men. An employee-elected observer also attends board meetings. There was one change to the board in 2015, when one of the shareholder-elected board members was replaced. The board members possess a broad range of business experience, and the board as a whole thus reflects the company's area of operation and strategic objectives.

The CEO and senior executives at Export Credit Norway are not members of the board. With the exception of representatives elected by and from the employees, all board members are independent of the company and its owner.

The backgrounds of the board members are described in the annual report and on the company's website.

Since the state owns all shares in the company, the NUES recommendation in this section that board members should be encouraged to own shares in the company is deemed inapplicable to Export Credit Norway.

9. The work of the board of directors

The management of Export Credit Norway is the responsibility of the board of directors. The board is mandated to ensure that the company is run in accordance with provisions laid down in or pursuant to legislation, the company's articles of association and general guidelines adopted by the general meeting.

The board normally meets nine times a year. Additional meetings are arranged as needed. Board instructions have been adopted which define, for example, the respective roles and responsibilities of the board and CEO and ensure impartiality in the consideration of matters. The board has adopted instructions for the CEO.

The board prepares a plan for its work every year which gives particular emphasis to objectives, strategy and implementation. The board holds an annual strategy gathering. The CEO prepares background materials for these gatherings.

Export Credit Norway has considered establishing an audit committee. The company has no listed securities and is not required to engage in external reporting other than to the Ministry of Trade, Industry and Fisheries in its capacity and owner and through the issuance of annual accounts in accordance with the Accounting Act. Moreover, the lending scheme administered by the company is subject to the jurisdiction of the Office of the Auditor General of Norway. The company has also established an internal audit function covering both the

lending scheme and the company's operations. The board has therefore concluded that no audit committee is required, and decided that none should be established.

In 2015, the board appointed a remuneration committee comprising the board chair and two other board members (including the employee-elected representative on the board). The employee-elected representative is independent of the company's management. The committee deals with matters relating to remuneration and personnel, including gender equality and diversity, incentive schemes and pension conditions for both senior executives and other employees.

The board evaluates its performance and expertise annually.

10. Risk management and internal control

The board has overall responsibility for ensuring that Export Credit Norway has appropriate, effective risk management and internal control systems in place. The company's internal control and risk management system is based on the internationally recognised COSO framework. The company has established a governance model under which the board issues guidance on matters of principle in the area of risk management and internal control. The board defines risk appetite and principles for dealing with risk. Together with risk-adapted internal control, these measures are designed to provide adequate assurance of target achievement in the following areas, and to minimise the risk of errors:

- Focused, efficient operations
- Reliable financial management
- Compliance with laws and regulations

Detailed policies on implementation of the board's guidance are adopted by the CEO, and implemented in each individual unit. The risk management and internal control framework divides the company's operations into difference process areas, each of which has its own policies, procedures and guidelines setting out framework conditions for risk management and internal control in the process areas in accordance with board guidance. The board adopts ethical principles, including the company's values, guidelines on ethical conduct and social

responsibility. The board also adopts risk management principles, including board guidance on internal control, risk management and compliance.

11. Remuneration of the board of directors

Board remuneration is set by the general meeting. Remuneration is not performance-linked. Board members, and companies with which they are associated, have not accepted specific assignments for the company in addition to the board appointment. Thus far, no separate remuneration has been set for work done on the remuneration committee, and no remuneration has been awarded other than ordinary director's fees. The remuneration received by each board member is detailed in a note to the annual accounts.

12. Remuneration of executive personnel

Export Credit Norway follows the state guidelines of 15 February 2015 relating to salary and other remuneration paid to senior executives in undertakings and companies in which the state has an ownership interest. Pursuant to article 9 of the articles of association, the board prepares an executive remuneration statement as required by section 6-16a of the Public Limited Liability Companies Act, which is considered at the company's ordinary general meeting. A detailed overview of remuneration paid to senior executives is provided in a note to the annual accounts.

Export Credit Norway has a performance-related remuneration programme for all employees. The programme is not linked to valuation creation for shareholders or the company's earnings performance, since the company does not generate ordinary revenues. The maximum achievable individual payment is capped at 1.5 times regular monthly salary. The performance-related remuneration is subject to annual review, and the scale is set by the company's board. Performance-related remuneration is set based on an overall assessment and criteria which the employee can influence and which are linked to the company's objectives, performance and conduct (set at the beginning of the year) in specific areas. The company's objectives are operationalised in the form of scorecards intended to

support the objectives set by the owner. The scheme is the same for all employees.

13. Information and communications

Export Credit Norway is wholly owned by the state. Securities legislation and other regulations relating to the equal treatment of stakeholders in the securities market are thus inapplicable. Accordingly, no financial calendar has been prepared for the company. Export Credit Norway publishes information on received applications, lending figures and the order book quarterly on its website.

The NUES recommendation concerning guidelines on the company's contact with shareholders other than through general meetings is deemed inapplicable to Export Credit Norway.

14. Take-overs

Export Credit Norway's articles of association provide that the shares in the company may only be owned by the state, represented by the Ministry of Trade, Industry and Fisheries. Accordingly, the NUES recommendations in this section are deemed inapplicable to the company.

15. Auditor

Export Credit Norway has an independent external auditor elected by the general meeting. The auditor attends board meetings dealing with the annual accounts and reviews any material changes in the company's accounting principles, accounting estimates and all material matters of disagreement between the auditor and the administration.

The board and the auditor hold at least one meeting a year which is not attended by the CEO or other members of the company's executive management.

The board has adopted guidelines on the ability of the company's executive management to engage the auditor to perform non-audit services.

The board informs the general meeting of the auditor's remuneration, split into fees for audit and other services.

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