EKSPORTKREDITT
Export Credit Norway

ANNUAL REPORT 2014

CONTENTS

KEY FIGURES 2014

LOAN AMOUNT BY INDUSTRIAL SECTOR

MNOK	
Equipment for the oil and gas industry	18,621
Ship equipment	2,986
Ships	38,486
Renewable and environmental technology	690
Other industries	74
Total	**60,858**

LOAN AMOUNT BY INTEREST RATE (CIRR AND MARKET RATE)

MNOK	
CIRR loans[1]	35,593
Market loans	25,265
Total outstanding loans	**60,858**

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

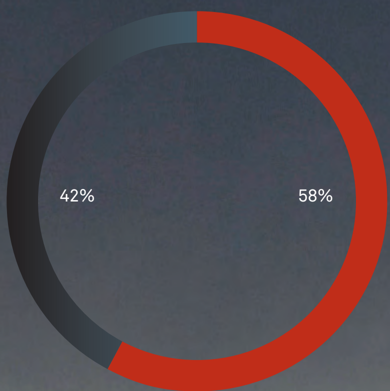
60,858

TOTAL OUTSTANDING LOAN AMOUNT IN MNOK

308/54

APPLICATIONS RECEIVED FOR FINANCING/
NUMBER OF COUNTRIES

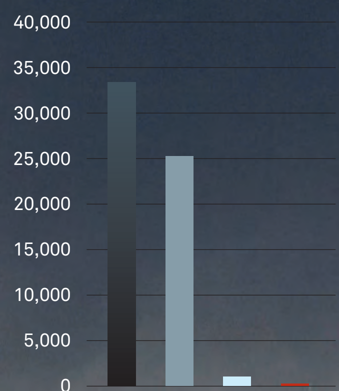
LOAN AMOUNT BY INTEREST RATE (PERCENTAGES)



- CIRR loans[1]
- Market loans

[1] 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 interest rates on government bonds in each currency in question and is set by the OECD every 15th of the month. CIRR loans may be made in all OECD currencies. Repayment periods vary between two and 12 years. Certain loans for particular purposes may have repayment periods of up to 18 years.

OUTSTANDING LOAN AMOUNT BY CURRENCY (MNOK)



- USD: 33,759
- NOK: 25,407
- EUR: 1,100
- GBP: 593

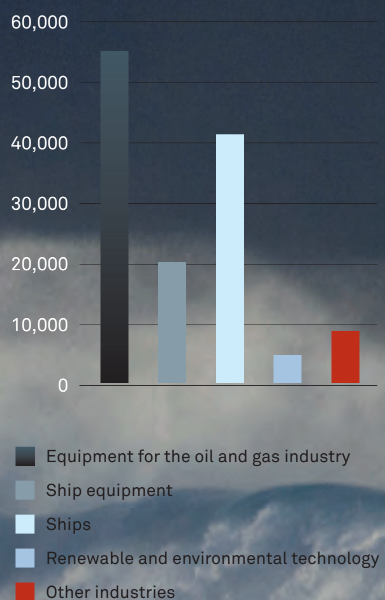
133,247

APPLICATION VOLUME IN MNOK

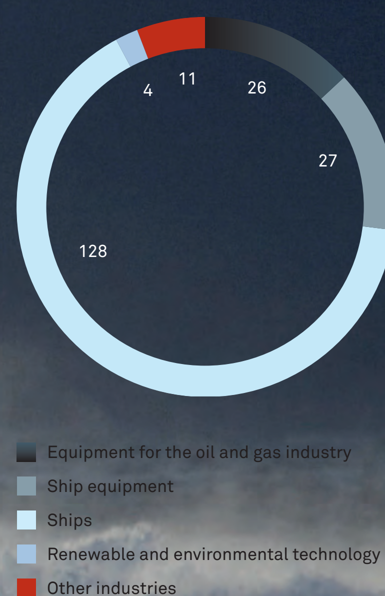
37,134

PROBABILITY-ADJUSTED ORDER BOOK IN MNOK

APPLICATION VOLUMES BY INDUSTRIAL SECTOR (MNOK)



NUMBER OF LOANS BY SECTOR



CHALLENGING TIMES

2014 was a tough year for many exporters. Falling oil prices, market uncertainty and reduced investment appetite raised new challenges in both the oil and gas sector and numerous related industries. Developments in the oil and gas sector have a considerable impact on the volume of new-build contracts for ships and drill rigs, which in turn has a knock-on effect on the Norwegian supplier industry. Market conditions are difficult and serious, and have given new urgency to the debate on industrial restructuring.

This debate is important. The time is right to ask what Norway will live off *in addition to* oil. Norway has spent almost 50 years building up a global, competitive oil service industry. Despite high cost levels, Norwegian companies have successfully protected their market shares and entered new markets. In collaboration with the authorities and oil companies, the industry has both stimulated and demonstrated continuous innovation and advancement. As a result, Norway possesses unique expertise and world-leading technology.

The Oil Age is likely to last for many decades to come, and there is little to gain in talking down our most prominent industry. Instead, the focus should be on transferring the skills and resources resulting from Norway's oil adventure to future industries, giving the country additional legs to stand on. Norway's unique expertise and knowledge capital are competitive advantages to be exploited.

For Export Credit Norway, 2014 was characterised by very high activity levels. During the course of year, we disbursed NOK 25.1 billion in new export-related loans in support of Norwegian exporters. Traditionally, the government's export credit scheme has been used primarily by larger enterprises, but we also consider it important for smaller businesses to be aware of what we offer. Accordingly, in 2014 we intensified our efforts to make the export credit scheme more known and accessible for small and medium-sized enterprises. One important step was taken towards the end of the year in cooperation with GIEK, with the launch of a new, simplified loan solution for transactions totalling up to NOK 100 million. Simplified documentation requirements and coordinated application processes will especially benefit exporters with limited administrative capacity.

Our annual impact survey, conducted by Oxford Research in Q1 2015, shows that Export Credit Norway's products have a powerful trigger effect on Norwegian exports. In fact, 36 øre of every 1 krone of exports financed by Export Credit Norway in 2014 would not have been realised without export financing. The survey confirms that Export Credit Norway is of great importance to Norwegian exporters. Nevertheless, we want to improve our products and services and develop new customer solutions to support the continued growth of the Norwegian export industry.

Export Credit Norway's mandate to offer competitive financing applies in both favourable and tough market conditions. We look forward to further productive cooperation with exporters, borrowers and guarantors in the year ahead.
On a personal note, I would like to take this opportunity to thank all Export Credit Norway staff for their excellent work in 2014.

Jarle Roth
Chief Executive Officer
Export Credit Norway

2.0 INTRODUCTION TO THE COMPANY AND HEADLINE FIGURES

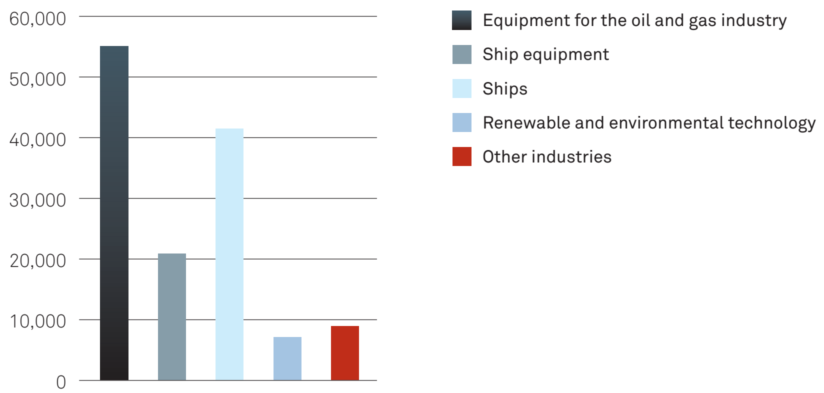
Export Credit Norway manages the export financing scheme on behalf of the Norwegian government as represented by the Ministry of Trade, Industry and Fisheries (NFD). The company's primary objective is to promote Norwegian exports by providing competitive, accessible and effective financing.

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 a state export guarantee institution and/or by financial institutions with solid credit ratings. All loans are recorded in the government's balance sheet. The Norwegian government is liable for the obligations the company incurs in connection with lending activities unrelated to the operation of the company.

The company advises its customers on all aspects of the financing process, including sales and marketing, application processing, commitments, the implementation 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 financing scheme in accordance with the requirements laid down by the authorities through governing documents. The government requires the export financing scheme's cash flow to be kept separate from the operations of Export Credit Norway. Cash flow from the export financing scheme passes directly through the Norwegian government's system for group accounts, which is administered by Norges Bank (the central bank of Norway). The annual accounts of the export financing scheme are presented in accordance with the government's cash principle.

APPLICATION VOLUME IN 2014 BY INDUSTRIAL SECTOR (MNOK)



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

2.1 HEADLINE FIGURES

2014 was characterised by high activity in terms of both applications and loan disbursements. At the end of the year, the company's lending balance totalled NOK 60.9 billion.

During 2014, Export Credit Norway received 308 loan applications for a total of NOK 133.2 billion, compared to 409 applications totalling NOK 172.2 billion in 2013. Export Credit Norway calculates a probability-adjusted order book, which is the company's best estimate of future loan disbursements linked to the received loan applications. The probability-adjusted order book amounted to NOK 37.1 billion as per 31 December 2014, compared to NOK 47.6 billion as per the same date in 2013.

The company received NOK 100.5 million in operating and investment grants from the government in 2014, of which NOK 98.9 million was recorded as income. The operating costs totalled NOK 93.3 million. The annual accounts for 2014 show a profit of NOK 5.6 million after tax. The company's equity amounts to NOK 44.3 million, and is not exposed to any significant financial risk. The liquidity in the company is strong.

ELSE BUGGE FOUGNER

BOARD CHAIR
Else Bugge Fougner is 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. Bugge Fougner is amongst other board chairwoman of Kommunalbanken AS and board member of Protector Forsikring ASA, Aberdeen Eiendomsfond Norge II ASA and Aker Kværner Holding AS.

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, Øivind Rue, Finn Ivar Marum, Jørgen Hauge (employee-elected representative) and Marie Sørli (employee-elected deputy representative and observer).

SIRI HATLEN

BOARD MEMBER
Siri Hatlen is a member of numerous 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). Hatlen has previously been managing director of Oslo University Hospital and a vice president at Statkraft AS, and held various positions within Statoil ASA.

TRUDE HUSEVÅG

BOARD MEMBER
Trude Husevåg is the Director of User Services at Skatt Vest (Western Norway tax authority). She was previously CFO of the insurance company Frende Livsforsikring AS, and has also held positions with Argentum Fondsinvesteringer AS and Pricewaterhouse Coopers DA.

ØIVIND RUE

BOARD MEMBER

Øivind Rue is an Executive Vice President at Statnett SF, with responsibility for grid operations. He has previously been a Vice President at Saga Petroleum ASA and an Assistant Director General at the Ministry of Trade and Industry.

FINN IVAR MARUM

BOARD MEMBER

Finn Ivar Marum heads up the Institutions and Family Office at the wealth management firm Formuesforvaltning. He is a member of various boards, including those of Nortek and African Century Infrastructure Services. His former positions include that of senior partner at the investment company HitecVision AS and posts with Kistefos AS, Ernst & Young AS and Statoil ASA.

JØRGEN HAUGE

BOARD MEMBER

Jørgen Hauge (employee-elected representative) has special responsibility for the oil and gas sector at Export Credit Norway. He has previously worked for Eksportfinans ASA and the Financial Supervisory Authority of Norway.

MARIE SØRLI

OBSERVER

Marie Sørli (employee-elected deputy representative and observer) 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.

JARLE ROTH

CHIEF EXECUTIVE OFFICER

Jarle Roth is the company's CEO. He joined Export Credit Norway from the Umoe Group, where he was Deputy Chief Executive. He has previously served as the CEO of Unitor ASA and the Umoe Schat-Harding Group. Roth is deputy chairman of Ekornes ASA, and has also been a director of various companies in the maritime sector.

ELI SKRØVSET

CFO

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. Skrøvset is a director of E-CO Energi Holding AS and Avinor AS.

2.3 EXECUTIVE MANAGEMENT AND ADMINISTRATION

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

By the end of 2014, Export Credit Norway had a total number of 46 employees, most of whom with a professional background as legal experts or economists.

OLAV EINAR RYGG

DIRECTOR OF LENDING

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. Rygg has previously held various executive positions at Eksportfinans ASA, most recently that of Director of Lending.

IVAR SLENGESOL

DIRECTOR OF LENDING

Ivar Slengesol is Export Credit Norway's EVP Director of Lending – Industry and Renewable Energy. 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.

TOBIAS HVINDEN

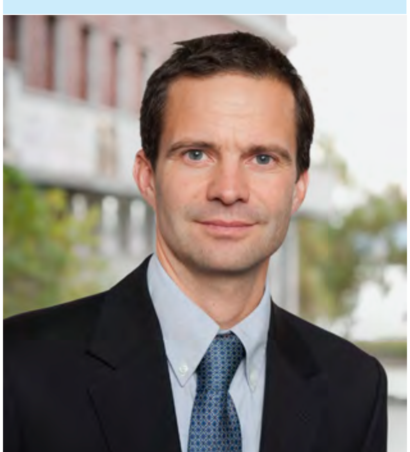
DIRECTOR

Tobias Hvinden is Export Credit Norway's Legal Counsel – Head of Legal. He previously worked for Eksportfinans ASA as in-house counsel and head of Lending and Compliance. He has also practised law at the law firms Kvale Advokatfirma DA and Advokatfirmaet Grette DA.

JOSTEIN DJUPVIK

DIRECTOR

Jostein Djupvik is the company's 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. Djupvik also has experience from the Ministry of Trade and Industry.



3.0 THE YEAR'S ACTIVITIES AND RESULTS

In the autumn of 2012, Export Credit Norway developed a business strategy based on objectives set by the Ministry of Trade, Industry and Fisheries. The strategy was revised in the autumn of 2013, and again in the autumn of 2014. The strategy model defines four particular focus areas for the company's work in the years ahead: an attractive product range, efficient processes, fulfilment of the company's public role and social responsibility, and the recruitment of motivated, competent staff.

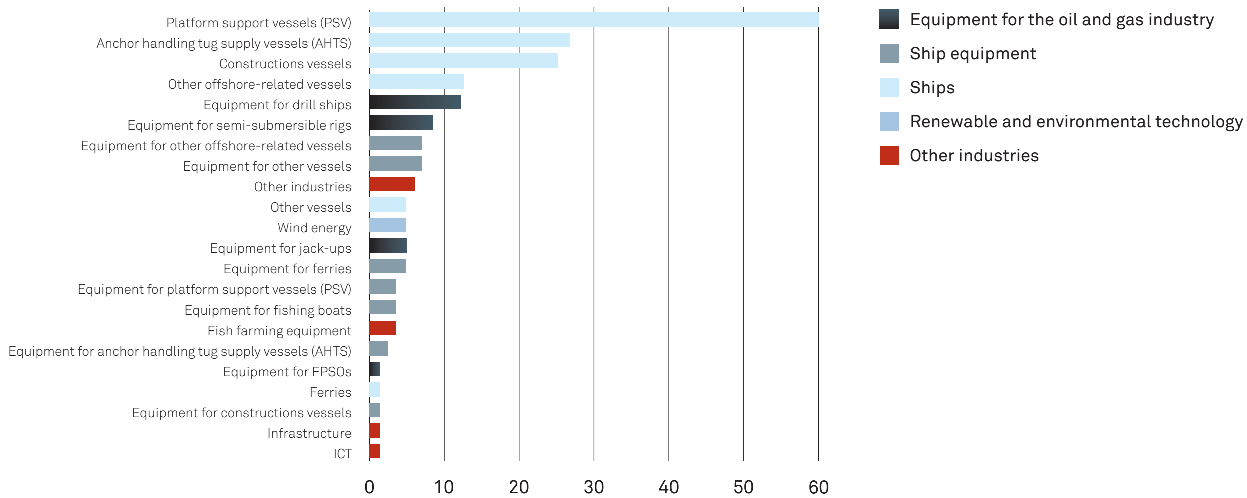
2014 was characterised by high activity in terms of both applications and loan disbursements. Export Credit Norway disbursed a far greater volume of new loans in 2014 than expected. Along with the depreciation of the Norwegian krone, particularly against the US dollar, this increased the lending balance to NOK 60.9 billion by the end of the year. Substantial resources had to be invested in 2014 due to higher disbursement levels and a greater need for loan follow-up in response to challenging conditions in the offshore market.

The company's priorities in 2014 included making the export financing scheme known to new customers and ensuring high satisfaction among existing customers. Export Credit Norway has intensified its cooperation with other policy-implementation bodies like GIEK and Innovation Norway. In November 2014, Export Credit Norway and GIEK launched a new, joint solution for export contracts totalling less than NOK 100 million, which features a joint application form and joint indicative term sheet. To reinforce its joint marketing with Innovation Norway, Export Credit Norway visited all of Innovation Norway's regional offices in 2014 to meet customer service advisers, benefit from Innovation Norway's local knowledge and identify potential customers of common interest. Export Credit Norway also met Innovation Norway's senior executives and several sector teams to identify possible areas of collaboration.

Export Credit Norway received 308 applications, representing a total application volume of NOK 133.2 billion, in 2014. The probability-adjusted order book totalled NOK 37.1 billion as of 31 December 2014.

Export Credit Norway's 13 marketing staff conducted a total of 659 customer meetings during the course of 2014. The company's staff also gave 41 lectures and presentations at major events, and held 15 relationship

TOTAL LOANS BY SEGMENT AS OF 31 DECEMBER 2014



meetings, including meetings with trade associations.

Export Credit Norway is mandated to function as an export financing resource centre, and is working with GIEK to provide the Ministry of Trade, Industry and Fisheries with a solid technical platform for its work in the OECD export credit groups. Preparations for and participation in the international negotiations being conducted under the auspices of the OECD on regulations for publicly supported export financing demanded a significant effort from the company in 2014. Export Credit Norway also participated in the work of the "International Working Group on Export Credits". The working group has been established on the initiative of the USA and China, for the purpose of developing a common set of export financing rules covering important new exporters like China, Brazil, India and Russia.

On the operational side, several critical projects including a reporting solution were implemented in 2014. The company has continued to focus on the reinforcement of its organisational structure, and recruited five new staff members during the course of the year. Two of these were temporary appointments.

Survey results

As in 2013, Export Credit Norway conducted customer, exporter and stakeholder surveys as part of its internal performance evaluation. Three surveys were conducted, which together covered the various user groups:

1. Customer survey among borrowers and exporters in 2014.
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 had a modular design, and covered the following three main topics relating to Export Credit Norway:

a) Reputation, awareness and information.
b) Service and strategy, experience of the company, staff and products on offer.
c) Results and effects – significance for sales (asked of exporters) and purchases (asked of customers).

The surveys were conducted in February 2015.

In total, 115 (2013: 48) borrowers, 115 (2013: 126) exporters and 230 (2013: 237) potential exporters were asked to participate in the surveys. The exporter group had the highest response rate (58 per cent; 2013: 21 per cent), followed by borrowers (37 per cent; 2013: 29 per cent) and potential exporters (13 per cent; 2013: 10 per cent). In addition, 15 (2013: 10) stakeholders were interviewed in-depth. These response rates represent a substantial improvement on 2013.

OUTSTANDING LOANS BY SEGMENT (%) AS OF 31 DECEMBER 2014

Segment	%
Constructions vessels	21.71
Platform support vessels (PSV)	19.94
Equipment for drill ships	19.79
Anchor handling tug supply vessels (AHTS)	13.36
Equipment for semi-submersible rigs	7.88
Other offshore-related vessels	4.93
Other vessels	2.33
Equipment for jack-ups	1.60
Equipment for other vessels	1.58
Equipment for other offshore-related vessels	1.54
Equipment for FPSOs	1.32

Segment	%
Wind energy	1.13
Ferries	0.98
Equipment for anchor handling tug supply vessels (AHTS)	0.51
Equipment for constructions vessels	0.44
Equipment for platform support vessels (PSV)	0.39
Equipment for ferries	0.28
Equipment for fishing boats	0.17
Other industries	0.08
Infrastructure	0.03
Fish farming equipment	0.01
ICT*	0

Equipment for the oil and gas industry · Ship equipment · Ships · Renewable and environmental technology · Other industries

*The percentage share of the segment ICT is 0,0024 %

Oxford Research has emphasised that the number of respondents (147; 2013: 74) provides a valid basis for drawing conclusions. Since the response rates and number of responses were lower in 2013, the results for that year must be interpreted with caution. The identification of trends will require several more rounds of annual surveys with high response rates.

Although the general impression from the surveys is that the different target groups are satisfied with Export Credit Norway, the surveys have revealed a potential for improving the customer experience. Oxford Research has highlighted the following findings:

- Overall, 73 per cent of exporters (2013: 88 per cent) reported that Export Credit Norway's products and services are well adapted to their needs. The corresponding figure for borrowers is 68 per cent (2013: 92 per cent). All of the surveyed target groups were highly satisfied with the interest level, repayment periods and service level. The practice of requiring an application to be submitted before a contract is signed was identified as non-standard compared to commercial lenders.

- Export Credit Norway's products and services are generally regarded as competitive by exporters (85 per cent; 2013: 86 per cent) and borrowers (82 per cent; 2013: 92 per cent). Loans from Export Credit Norway are relatively important to exporters in terms of improving profitability (47 per cent), competitiveness (73 per cent), and promoting the development of new knowledge/know-how (52 per cent).

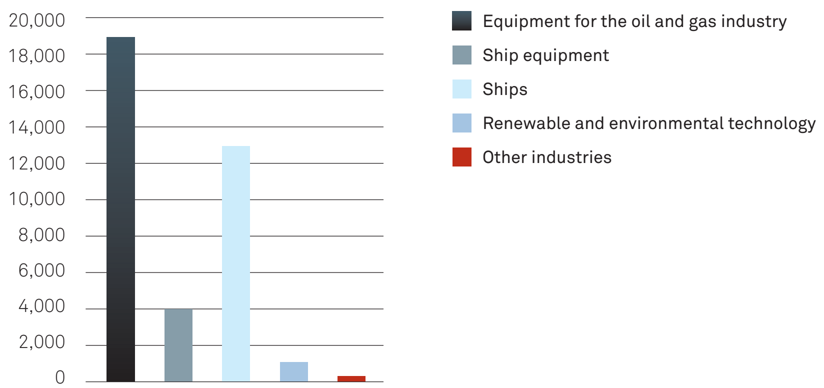
- Awareness of Export Credit Norway's products and services is generally strong, although the 2014 figures are somewhat weaker than those reported in 2013. Awareness varies by industry and company size, with larger businesses generally being more aware of Export Credit Norway than smaller enterprises. Of the exporters who have used Export Credit Norway, 64 per cent (2013: 85 per cent) stated that they were highly familiar with the company, while the corresponding figure for borrowers was 65 per cent (2013: 83 per cent).

- Export Credit Norway has a solid reputation. Among exporters, 84 per cent (2013: 60 per cent) stated that the company has a strong focus on social responsibility. The corresponding figure for borrowers is 68 per cent (2013: 50 per cent).

- Additionality is considered to be high[1]. Some 76 per cent (2013: 73 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 36 øre of every 1 krone of exports financed by Export Credit Norway would not have been realised without the company's financing.

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

PROBABILITY ADJUSTED ORDER BOOK BY SECTOR (MNOK) AS OF 31 DECEMBER 2014



3.1 COMPETITIVE FINANCING

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 equivalent to those of its competitors, and in accordance with international agreements. Export Credit Norway is 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 play a major role in customer satisfaction.

3.1.1 Lending activity developments in 2014

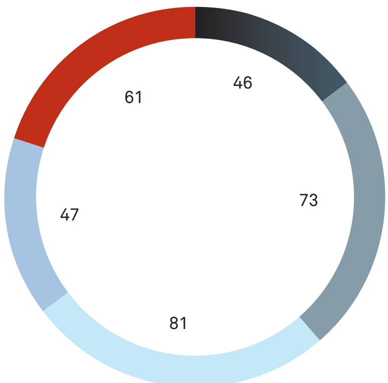
Export Credit Norway experienced strong demand in 2014, receiving 308 financing applications for projects in 54 countries, with a total application volume of NOK 133.2 billion. The probability-adjusted order book totalled NOK 37.1 billion as per 31 December 2014 (2013: NOK 47.6 billion), and the total order book NOK 112.8 billion. The decline in the order book is primarily linked to challenging offshore market conditions in the second half of 2014 and the resulting reduced volume of new contracts for rigs and ships. At the end of the year, the probability-adjusted order book for the company's three main business segments was divided as follows:

- maritime sectors, i.e. ships and ship equipment: 46 per cent
- equipment for the oil and gas sector: 51 per cent
- renewable energy and other industries: 3 per cent.

The probability-adjusted order book for ships fell from NOK 17 billion at the end of 2013 to NOK 12.9 billion at the end of 2014. In the offshore sector, there is an increasing trend towards constructing simpler vessels abroad, while Norwegian yards are focusing on advanced vessels such as anchor-handling vessels and construction ships. On the other hand, the probability-adjusted order book for ship equipment has increased from NOK 2 billion at the end of 2013 to NOK 4 billion at the end of 2014.

The probability-adjusted order book for oil and gas-sector equipment has declined from NOK 28 billion at the end of 2013 to NOK 19 billion at the end of 2014. The oil and gas order book comprises a number of large projects, some of which are associated with considerable uncertainty. The realisation of these projects will depend on the ability and capacity of the yards in question, developments in the energy market and the availability of different financing sources. Traditionally, the main markets for oil and gas-sector

NUMBER OF LOAN APPLICATIONS RECEIVED BY SECTOR IN 2014



equipment have revolved around rigs operating in the North Sea, off the coast of Brazil and in the Gulf of Mexico.

The probability-adjusted order book for renewable energy and other industries has grown from NOK 0.5 billion at the end of 2013 to NOK 1.2 billion at the end of 2014. The probability-adjusted order book has particularly been boosted by a smaller number of major renewable energy projects.

Some 35 per cent of the loan applications received in 2014 related to exporters in renewable and enviromental technology and other industries. Small and medium-sized enterprises (SMEs) accounted for around 60 per cent of the applications in these segments. In cooperation with GIEK, Export Credit Norway has made it cheaper, simpler and quicker to take up smaller loans. In November 2014, the two organisations launched a new, joint solution for export contracts totalling less than NOK 100 million, which features a joint application form and joint indicative term sheet. Further simplification of the loan documentation for smaller loans has reduced costs and the time spent on arranging loans. Export Credit Norway and GIEK have also launched a new loan product which allows the exporter to bear the share of repayment risk not accepted by GIEK, instead of engaging a bank to do so.

Disbursements totalled NOK 25.1 billion in 2014, including NOK 13 billion disbursed during the second half of the year. Interest income totalled NOK 1,159 million, while fee income amounted to NOK 48 million. Repayments recorded at historical cost, i.e. with the same exchange rate as when the loans were disbursed, equalled NOK 15,022 million.[2] Export Credit Norway experienced a steady increase in the number of early loan redemptions during the year. In total, 17 loans with a total lending balance of NOK 12.2 billion were redeemed before maturity in 2014. The primary reasons for early redemption were good financing opportunities in the bond markets and the sale of certain ships.

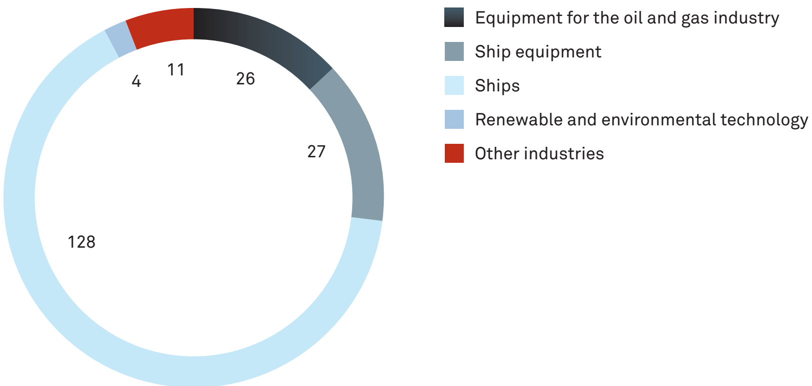
At year-end, the lending balance totalled NOK 60.9 billion[3]. In terms of lending volume, Export Credit Norway's two largest segments are ships delivered by Norwegian yards and equipment for the offshore oil and gas sector. The ship-related lending balance increased from NOK 29.3 billion at the end of 2013 to NOK 38.5 billion at the end of 2014. The lending balance related to equipment for the offshore oil and gas sector increased from NOK 14.1 billion at the end of 2013 to NOK 18.6 billion at the end of 2014.

Export Credit Norway's lending balance shows that the company is currently financing a relatively small proportion of the market for ship equipment.

[2] The company does not hedge against exchange-rate fluctuations. The government made a net foreign exchange gain of NOK 287 million in connection with repayments in 2014, meaning that repayments corrected for foreign exchange gains totalled NOK 15,309 million.

[3] The lending balance of NOK 60.9 billion is based on exchange rates on the last banking day in 2014, while the lending balance reported in the national accounts is based on the exchange rate on the date the loan was disbursed (the historical rate). Applying the historical rate, the lending-balance was NOK 54.5 billion at the end of 2014.

NUMBER OF LOANS BY INDUSTRIAL SECTOR AS OF 31 DECEMBER 2014



Increasing this volume to support the industry's competitiveness was a priority in 2014. The primary measures were targeted marketing and adjustment of the loan product. The ship equipment sector will remain a priority in 2015. One result of the company's efforts is an increase in the number of applications relating to ship equipment.

3.1.2 Contributions to the work of the OECD

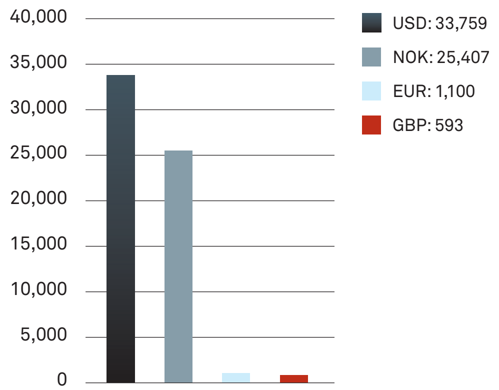
Export Credit Norway is mandated to function as an export financing resource centre, and is working with GIEK to provide the Ministry of Trade, Industry and Fisheries with a solid technical platform for its work in the OECD export credit groups. This includes making preparations and compiling background information, reporting and attending both expert group meetings and joint negotiation meetings. Norway's negotiation delegation, of which both Export Credit Norway and GIEK are members, is led by the Ministry. Preparations for and participation in the international negotiations being conducted under the auspices of the OECD on regulations for publicly supported export financing demanded a significant effort from the company in 2014. It is anticipated that the negotiations and continued development of the international OECD framework will also demand considerable effort in 2015. Export Credit Norway has also participated in the work of the "International Working Group on Export Credits". The working group has been established on the initiative of the USA and China, for the purpose of developing a common set of export financing rules covering important new exporters like China, Brazil, India and Russia. The working group's members are Australia, Brazil, Canada, the EU, India, Indonesia, Israel, Japan, China, Korea, Malaysia, New Zealand, Norway, Russia, South Africa, Switzerland, Turkey and the USA. China, the EU, the USA and Brazil comprise the initiative's steering committee. In 2014, Export Credit Norway was part of the Norwegian delegation to the working group, and attended all three meetings held during the year.

Export Credit Norway also participated in a working group appointed by the Ministry of Trade, Industry and Fisheries, which has prepared supporting documentation and proposed measures in connection with a forthcoming parliamentary white paper on business development in developing countries.

3.1.3 Export Credit Norway's competitiveness

Norway's export credit scheme appears competitive compared to the schemes of most other OECD countries. The scheme provides potential buyers of Norwegian capital goods and services with an offer that is predictable in terms of financing availability and financing costs. A further strength of the scheme is that Norway provides loans on market terms approved by ESA. Export Credit Norway offers loans that support Norwegian industry's close cooperation with partners in other countries, as it is accepted that up to 70 per cent of the content of financed deliveries may come from abroad. These factors make Norway's financing scheme competitive compared

OUTSTAND LOANS BY CURRENCY (MNOK) AS OF 31 DECEMBER 2014



to those of other OECD countries. Credit competition from non-OECD countries constitutes a challenge for Norwegian suppliers to a certain degree, particularly in the construction of simpler types of vessels. Potentially aggressive pricing of guarantee premiums by competing OECD countries may also present challenges with respect to equality in credit competition. It is therefore important that all OECD countries price their financing and guarantee premiums according to market rates, and that strong agreements are concluded with non-OECD countries on the terms governing export financing.

In collaboration with GIEK, Export Credit Norway will work to ensure that Norwegian industry has access to competitive export financing at all times. Export financing is increasingly being used internationally, and it is important that Norway's scheme is at least as good as those of competing countries in terms of qualification conditions, terms and the processes involved.

3.1.4 Cooperation with other stakeholders

Export Credit Norway seeks close cooperation with Norwegian suppliers, GIEK, Innovation Norway and banks to create a competitive portfolio of financing products for the Norwegian export industry. Simplifications in how lending transactions are implemented will be an important factor in keeping the scheme attractive. It will also be important to ensure that the scheme tracks developments in the product portfolios of important competitors.

Export Credit Norway collaborates closely with GIEK on both individual cases and general questions relating to officially supported export financing. This cooperation is important. As per the end of 2014, GIEK had issued guarantees for some 73 per cent of the outstanding loans in the portfolio. The remaining 27 per cent are guaranteed by Norwegian (14 per cent) and international (13 per cent) banks.

The customer surveys conducted by Oxford Research have revealed that improvements can be made to the cooperation between Export Credit Norway, GIEK and the banks. Although this has been emphasised particularly by exporters, it is also a recurring finding in the qualitative interviews conducted with different stakeholders.

In 2014, Export Credit Norway gave particular priority to strengthening indirect channels for marketing the export credit scheme to small and medium-sized enterprises (SMEs). Cooperation with banks is vital to the export credit scheme. Banks become involved in larger projects at an early stage, and often arrange financing on behalf of the buyer. GIEK and the banks deal with the security requirements and final credit assessment of a given project. Export Credit Norway's role is to provide loan financing and ensure that the loan relationship is satisfactorily documented. Where loans are made to SMEs, banks can function as a marketing channel for export financing products. In 2014, Export Credit Norway met commercial-customer service advisers and managers from 10 Norwegian banks to discuss how export financing can help relevant commercial customers to position themselves to win new export contracts.

Innovation Norway has almost 700 staff, spread across regional offices in all of Norway's counties and 34 foreign cities, and thus represents a potentially important marketing channel for export financing. To reinforce its joint marketing with Innovation Norway, Export Credit Norway visited all of Innovation Norway's regional offices in 2014 to meet customer service advisers, benefit from Innovation Norway's local knowledge and identify potential customers of common interest. Export Credit Norway also met Innovation Norway's senior executives and several sector teams to identify possible areas of collaboration. During the course of the year, Innovation Norway organised joint customer and dialogue meetings in cities including Oslo, Bergen and Skien. The two organisations have also established a mutual secondment scheme, and Export Credit Norway has signed an agreement to engage an Innovation Norway employee in Rio de Janeiro part-time to market Norwegian export financing in the important Brazilian offshore supplier market.

Export Credit Norway participates in loan transactions involving borrowers in many different jurisdictions. The company cooperates closely with external Norwegian and international law firms in connection with the implementation of the various loan transactions.

3.1.5 The scheme's contribution to Norwegian exports

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 the responses received from both exporters and customers. Both groups are heavily involved in contract negotiations and purchase decisions, and 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 the table below. 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 surveys only allowed Oxford Research to calculate an average additionality figure. However, the basis for the additionality calculation has improved, since the surveys have now been conducted for the second year in a row and the response rate and number of replies have increased. This provides a surer estimate of Export Credit Norway's effect on exports.

Oxford Research has calculated that 36 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 an export guarantee or export financing may cause the cancellation of the underlying export contract. The additionality figure for 2013 was 38 øre. The change between the 2013 and 2014 figures is not statistically significant.

3.1.6 Performance assessment (competitiveness)

Export Credit Norway's primary objective is to promote Norwegian exports by offering competitive export financing. Competitiveness can be measured in several ways.

Feedback from exporters, borrowers and cooperating financial institutions

ADDITIONALITY [4]

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

[4] 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 results of the analysis show that there are no significant differences between the various sectors 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.

provides lessons and input on relevant improvement measures. Price, security requirements, documentation and processes are important variables in assessing competitiveness. Compared to 2013, Export Credit Norway achieved somewhat poorer scores on parameters linked to awareness and whether its products and services are adapted to the needs of customers, but the results for 2013 should be interpreted with caution. However, the general impression is that Export Credit Norway is competitive in terms of price. The company is not permitted to offer a lower price than the corresponding market rate.

The customer surveys show that Export Credit Norway's products and services are considered to be competitive by exporters (85 per cent "very competitive"), and borrowers (82 per cent "very competitive"). The customer surveys also evidence a strong performance by Export Credit Norway:

- Export Credit Norway's products and services are competitive and adapted to the needs of the market. Exporters particularly identified repayment periods and the interest rate level as important factors.
- The survey results indicate that Export Credit Norway supplements rather than competes with Norwegian banks, and thus that it has achieved a good balance in this regard.
- Export Credit Norway has a national mandate that requires it to be internationally competitive. This position must be maintained and reinforced.
- Loans from Export Credit Norway have a strong trigger effect. A large proportion of contracts would not have been realised, or would have been realised on a smaller scale, if Export Credit Norway had not contributed loan financing.

The number of loan applications declined from 409 in 2013 to 308 in 2014. The largest percentage decreases in applications occurred in the oil and gas equipment and renewable energy sectors. The drop in oil and gas equipment applications is primarily linked to worsened market conditions in the sector and resulting lower activity levels in terms of new export contracts. The decline in the renewable energy sector is primarily due to the fact that some companies who applied for substantial export financing in 2013 were less active applicants in 2014. Nevertheless, the underlying trend for the sector as a whole is stable. Applications from other industries fell somewhat compared to 2013. This development is primarily related to a reduced number of applications from the aquaculture segment. The number of applications from companies in other industries excluding aquaculture increased from 2013 to 2014. In the company's experience, active efforts focusing on Norwegian supplier industries result in applications and utilisation of the scheme in realising projects. The probability-adjusted order book for future disbursements shrank from NOK 47.6 billion at the end of 2013 to NOK 37.1 billion at the end of 2014. This decline is primarily attributable to difficult offshore market conditions in the last six months of the year and the related reduction in the number of rig and ship contracts concluded.

3.2 ACCESSIBLE EXPORT FINANCING

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 application figures for 2014 evidence a drop in the number of applications. However, the

LOAN APPLICATIONS AND APPLICATION VOLUME

(All amounts in NOK million)	Number of applications 2014	Number of applications 2013	Application volume 2014	Application volume 2013
Equipment for the oil and gas sector	46	67	55,615	85,722
Ship equipment	73	77	20,320	14,263
Ships	81	104	41,625	57,106
Renewable energy and environmental technology	47	87	7,102	8,356
Other industries	61	74	8,586	6,743
Total	**308**	**409**	**133,247**	**172,190**

number of applications from mainland industry – i.e. from the priority segments targeted when marketing the scheme to SMEs– increased somewhat from 2013 to 2014. The figure for 2013 was far higher than the figure for 2012.

3.2.1 Applications

In 2014, Export Credit Norway's largest sector in terms of application volume (amounts) was equipment purchases for the oil and gas sector. In total, financing of NOK 55.6 billion was applied for, split among 46 applications. The shipping sector accounted for the largest number of applications (81), and generated a total application volume of NOK 41.6 billion. The distribution between loan applications and application volumes in 2013 and 2014 is shown in the chart below.

In 2014, Norwegian yards signed more ship-building contracts than in 2013, at a lower unit cost.

3.2.2 New knowledge and technology

Export Credit Norway seeks to provide accessible export financing for projects in the renewable energy and environmental technology sectors. For example, the company is engaged in a green-growth forum *(Forum for Grønn Vekst)*, which is supporting the coordination of public policy bodies to strengthen the industry in Norway. In 2014, the company received a total of 35 loan applications for projects classified as innovative or highly innovative. These had a total application volume of NOK 19.4 billion. Export Credit Norway uses the OECD's innovation guidelines to define the degree of innovation in financed projects. Innovative projects encompass product/service innovation, process innovation, organisational innovation and commercial innovation. Highly innovative and innovative projects are defined as follows:

Highly innovative project:
Includes projects that aim to develop and introduce new products to an international market. The definition also includes projects that result in new production processes and organisational forms that are not internationally known.

Innovative project:
Includes projects within new or existing businesses that aim to develop and introduce new products to the national market, and projects encompassing the development and use of new production processes that have not previously been introduced at national level. The definition also includes the introduction of previously exported products and services to new foreign markets.

As per year-end 2014, nine of 196 loans under Export Credit Norway's management were classified as "innovative" or "highly innovative". These loans had a total lending balance of NOK 898.5 million.

In the 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. 50 per cent (2013: 100 per cent) of the exporters reported a value of 4 or 5, while 45 per cent (2013: 62 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.

CASE STUDY

INNOVATION: THE VESSEL *POLARSYSSEL* – DESIGNED ESPECIALLY FOR ARCTIC CONDITIONS

The delivery of *Polarsyssel*, the first supply vessel ordered by Export Credit Norway's Icelandic customer Fafnir Offshore, marks the initial step in Fafnir's preparations for operations in Arctic waters. *Polarsyssel*, which was constructed by Havyard ASA, sailed directly to Svalbard after delivery in the spring of 2014 to begin a six-year assignment for the Governor of Svalbard. The ship is to patrol the waters around Svalbard for six months a year, and will perform a variety of tasks including rescue operations, delivery of helicopter fuel and assisting larger working vessels.

Polarsyssel is a custom-built ICE-class supply vessel, and the first with the Havyard WE design, meaning that the vessel is equipped to operate in tough Arctic weather conditions. Iceland has already conducted seismic surveys in three fields, and has a number of oil licences ready. *Polarsyssel* has been designed to perform assignments around oil fields north of Iceland when the time comes.

Export Credit Norway has provided a loan of NOK 159 million to Fafnir Offshore as part of the financing arrangements for *Polarsyssel*.

INNOVATIVE SMES: INNOVATIVE, ENVIRONMENTALLY FRIENDLY ELECTRICITY POLES IN KENYA

Ecopole AS is a Bergen-based company launched in 2011, which has developed an environmentally friendly electricity pole. The polyethylene pole is filled with organic material and a special foam, and is more durable, robust and lighter than wooden, cement or steel poles.

Ecopole aims to bring electricity to Kenya, a country where some 85 per cent of the population is as yet unconnected. Export Credit Norway's loan, which is guaranteed by GIEK and DNB, has financed a production plant on the outskirts of the Kenyan capital, Nairobi. Ecopole has delivered a turn-key factory from Norway, and has concluded agreements with local investors that give it an indirect 45 per cent stake in the company which owns the production plant.

Export Credit Norway disbursed USD 2.3 million (approximately NOK 13.64 million) in financing for the construction of the production plant.
The borrower is Ecopole Industries Kenya Ltd.

INNOVATIVE SMES: PRIZE-WINNING WIND-FARM SERVICE VESSELS

Fjellstrand yard in Omastrand (Hordaland County) has constructed six high-speed service vessels designed and tailored to the transportation of personnel and equipment to and from offshore wind farms. Vessels for offshore wind power and maintenance operations constitute a small but growing market segment for Norwegian yards, as well as for Export Credit Norway's portfolio.

The Wind Server vessels, which have been delivered to World Marine Offshore in Denmark, have a new, prize-winning design that combines the best properties of mono, catamaran and SWATH vessels. The ships can transport up to 12 people in comfortable seats with built-in entertainment systems, and have a transit speed of 25 knots.

Fjellstrand yard delivered the first four vessels in September and October 2013, and the final two in December 2014. All six are now supporting offshore wind farms in the North Sea and Baltic Sea. Export Credit Norway provided financing for all of the vessels through a EUR 20.3 million loan to World Marine Offshore.

3.2.3 Small and medium-sized businesses

Export Credit Norway is focused on providing financing adapted to the needs of small and medium-sized businesses (SMEs). In 2014, the company sought to make the export credit scheme more accessible to SMEs by simplifying processes and agreement templates used in establishing loans.

In November 2014, Export Credit Norway and GIEK launched a joint solution for loans totalling less than NOK 100 million. The SMEs package includes a joint application form and joint indicative term sheet from GIEK and Export Credit Norway. The loan documentation has been simplified further. The joint solution will make it simpler, quicker and cheaper to take up smaller loans in connection with export contracts.

Export Credit Norway has also intensified its marketing efforts aimed at small and medium-sized exporters to make enterprises more aware of how the export financing scheme can help them to win export contracts. The reinforcement of indirect marketing channels was a strategic priority in 2014. Export Credit Norway also strengthened its joint marketing with other stakeholders, particularly GIEK, Innovation Norway and banks. During the course of the year, the company presented the export credit scheme and/or organised customer and dialogue meetings with SMEs in cities including Bergen, Oslo, Sandefjord, Skien, Stavanger and Trondheim. Export Credit Norway received 69 applications relating to small and medium-sized exporters in 2014, with a total application volume of NOK 7.5 billion. The majority of the projects relate to mainland industry. Export Credit Norway is also contributing indirectly to the development of the many SMEs that deliver goods and services to yards and larger equipment suppliers in the oil service sector.

As per year-end, 25 of Export Credit Norway's 196 loans involved small and medium-sized exporters, and the lending balance of these loans amounted to NOK 2.1 billion.

Export Credit Norway's customer surveys are intended to support assessment of the export credit scheme's contribution to exports by Norwegian SMEs, and some 65 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 from small, medium-sized and large exporters who have used Export Credit Norway's products and services. However, certain points are clearly more important to SMEs than to other companies. Smaller businesses are more dependent on Export Credit Norway in order to realise their contracts. Larger businesses are the least dependent on Export Credit Norway, and reported lower satisfaction with the company's loan documentation process.

3.2.4 Social responsibility

Export Credit Norway can help to improve environmental and social conditions and combat corruption through the requirements it imposes on borrowers. The company participates in the financing of various large projects with a potentially significant social and environmental impact. Export Credit Norway is highly aware of its social responsibility.

Environmental and social conditions

The overarching guidelines for the company's work on social and environmental conditions are found in the OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence – 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. Further, in June 2014 Export Credit Norway adopted the Equator Principles, an almost identical framework for the financing of large-scale projects by major international banks. The company decided to adopt the principles because it often participates in syndicates with other banks which have adopted them, and because it considers membership of the banks' social responsibility network to be helpful.

Under the OECD guidelines and the Equator Principles, all loans are classified as falling into one of three categories: A, B or C. The categories represent risk assessments of environmental consequences and/or social conditions. Projects that are deemed to have a high potential for material harm to the environment or to present a risk of negative social conditions or 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.

The OECD Common Approaches lay down guidelines for project assessment, and include references to instruments such as the International Finance Corporation (IFC) Performance

Standards. Projects must also always comply with the national legislation of the country in which they are located.

GIEK is subject to the same OECD guidelines, and cooperation with GIEK is important when assessing project risk. GIEK and Export Credit Norway have concluded an agreement in this field that also covers transactions which are not guaranteed by GIEK. The purpose of the agreement is to establish a joint function to ensure that strong expertise is available and that coordinated processes are used in dealings with exporters and borrowers. Export Credit Norway implements requirements and specific measures focused on threats to the environment, people and society by including conditions in loan documentation and imposing requirements with regard to any independent reports.

The company did not disburse any new category A or B loans i accordance with the OECD-guidelines or Equator Principles. The guidelines do not cover mobile units or transactions totalling less than SDR 10 million.[5]

Corruption

The OECD has adopted the Recommendation on Bribery and Officially Supported Export Credits, which is intended to prevent corruption. Sections 276 a to 276 c of the Norwegian General Civil Penal Code go further than the OECD Recommendation, since they also cover trading in influence. Export Credit Norway aims to prevent corruption in connection with the export contracts it finances. The company seeks to achieve this aim by, among other things, acting responsibly, providing information, obtaining declarations from exporters (and, in relevant cases, the applicant), and including corruption provisions in loan agreements. Additional investigative steps are taken when a case presents an increased risk of corruption or money laundering, or if these things are suspected. In such cases, the type of customer, company and ownership structure, geographical location and transaction structure are investigated more thoroughly. All loans are granted subject to the proviso that no corruption is suspected in connection with the transaction. In accordance with the "know your customer" money laundering principle, Export Credit Norway evaluates borrowers pursuant to the rules in the Norwegian Money Laundering Act.

Export Credit Norway is increasingly entering new markets and countries associated with a high risk of corruption. The company considers close collaboration with GIEK and agent banks in this area important for the coordination of resources to ensure that customer-focused processes are as harmonised and efficient as possible. The company updated its anti-corruption guidelines in 2014. The guidelines and related tools support Export Credit Norway's work on monitoring corruption risk, documenting relevant cases and taking steps in specific loan transactions.

Ethical guidelines

High ethical standards are crucial in Export Credit Norway's business. All employees who represent the company have a duty and responsibility to comply with the company's ethical guidelines at all times. This is done by acting responsibly in all contact with internal and external stakeholders.

The company's ethical guidelines were revised in the autumn of 2014 and approved by the board of directors in December 2014. No breaches of the ethical guidelines were registered in 2014.

3.2.5 Reputation

Export Credit Norway provides long-term, stable financing solutions. Its ability to do so depends on confidence both in the market and among stakeholders. Establishing a good national and international reputation is a long-term, ongoing task.

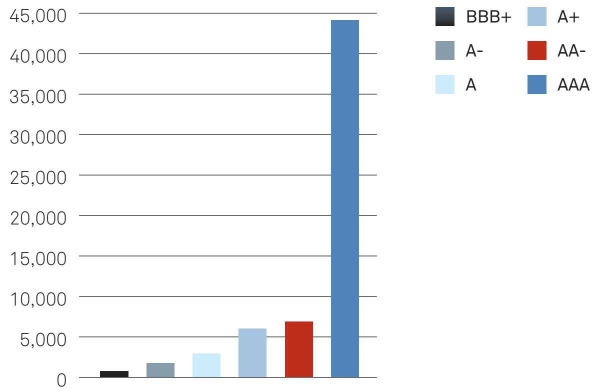
Favourable financing is an important tool in the battle to win export contracts, and one of the company's tasks is to raise the profile of the financing scheme in all relevant industries. Low awareness of the company and its product and service range could mean that customers fail to consider the opportunities offered by the financing scheme.

Awareness of Export Credit Norway's products and services is good, even though the surveys conducted in 2014 showed a decline in awareness compared to 2013. Nevertheless, some of the survey feedback does suggest that more marketing focused on SMEs is required.

A particularly positive finding is that both exporters and borrowers take a positive view of Export Credit Norway's social responsibility strategy. Some 84 per cent (2013: 60 per cent) of exporters and 68 per cent (2013: 50 per cent) of borrowers expressed satisfaction with Export Credit Norway's social responsibility work.

[5] Special Drawing Rights (SDR), an international means of payment created by the International Monetary Fund. The value of 1 SDR is calculated as the weighted average of a basket of currencies.

EXPOSURE WITHIN DIFFERENT RATING CATEGORIES
AS OF 31 DECEMBER 2014



In general, the surveys have shown that the company has a strong reputation among Norwegian exporters. In addition, its products and services are considered to be very well adapted to the needs of exporters and borrowers, and the respondents were highly satisfied with the interest level, repayment periods and service level. The feedback also indicated that stakeholders regard the distribution of responsibility between Export Credit Norway and the guarantors as somewhat unclear, and that documentation processes are considered unnecessarily drawn out.

3.2.6 External activities

Export Credit Norway and its range of products and services must be known to Norwegian exporters and borrowers, as well as domestic and foreign partners. The company therefore focuses its marketing initiatives on relevant stakeholder groups. All implemented activities are based on comprehensive operational marketing and communications plans.

In 2014, the marketing activities primarily comprised professional exchanges and representation of the company through participation in conferences, export seminars and delegations, as well as ordinary customer meetings and outreach activities.

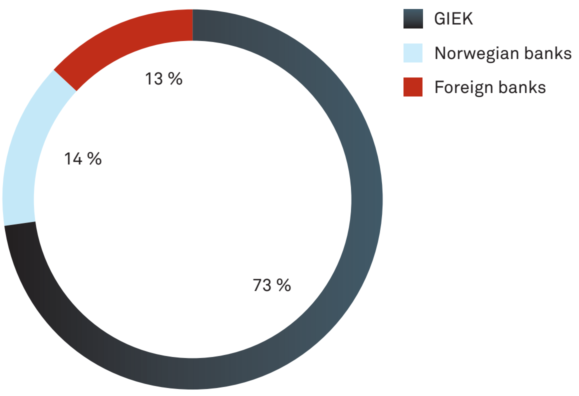
Export Credit Norway considers participation in forums frequented by the company's potential and existing customers to be of great importance in the marketing context. In 2014, Export Credit Norway presented the export financing scheme at various national and international conferences, organised both in-house and by external parties. During the course of the year, the company gave lectures, mini-seminars and presentations at conferences in, among others, Zagreb, Houston, Kuala Lumpur, Singapore, Hamburg and Barcelona, as well as various Norwegian cities.

In many contexts, it is logical for Export Credit Norway to cooperate with other market participants to reach out to customers. GIEK and Export Credit Norway often have overlapping interests, and therefore collaborate closely on events which serve both their interests. Examples include *Eksportfinansieringsseminar*, an export financing seminar arranged regularly in various cities around Norway, the entrepreneur fair *Gründermessen* in Oslo, the shipyard conference *Verftskonferansen* in Ålesund and, not least, the *Eksportkonferansen* (The Export Conference).

The latter is an annual event co-hosted by Export Credit Norway, GIEK and GIEK Kredittforsikring. In 2014, the event included the first-ever award of an export prize, *Eksportprisen*, which recognises Norwegian businesses that succeed in generating value in Norway through exports to foreign markets.

During the course of the year, Export Credit Norway intensified its efforts to make the export credit scheme more known and accessible to SMEs. The company systematically contacted Norwegian exporters outside the

GUARANTORS (%) FOR OUTSTANDING LOANS
AS OF 31 DECEMBER 2014



offshore sector, and cooperated closely with Innovation Norway's regional offices on initiatives to reach potential customers without a thorough knowledge of the scheme.

Export Credit Norway increased its focus on secondment schemes in 2014, to strengthen and effectivise relations with its closest partners. In the first few months of 2015, the company will second two employees on shorter visits to Innovation Norway in Singapore and GIEK's office in Oslo. Similarly, a member of GIEK's staff will be seconded to Export Credit Norway.

In 2014, the company decided to explore the options for maintaining a permanent presence in markets of particular importance to Norwegian exporters. Towards the end of the year, Export Credit Norway signed a cooperation agreement with Innovation Norway giving the company its first representative in a foreign market. Export Credit Norway's part-time representative in Rio de Janeiro, Brazil, took up the post in February 2015.

To facilitate close cooperation with relevant interest and industry groups, the company also arranges regular meetings in smaller forums. As part of day-to-day marketing, the company also holds ordinary customer meetings, and more than 500 such meetings took place in 2014.

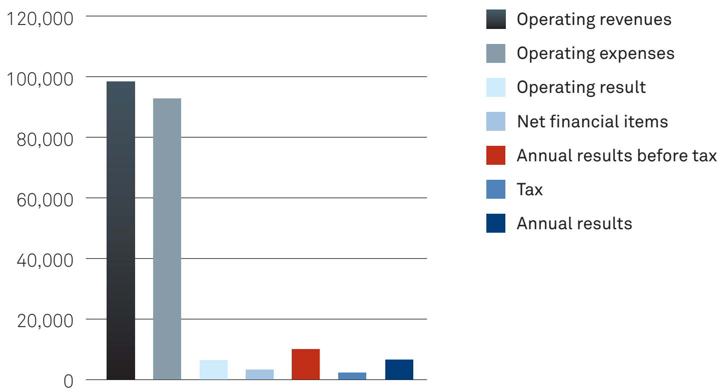
3.2.7 Performance assessment (accessibility)

The term "accessible export financing" refers to a known product from Export Credit Norway for Norwegian exporters. The product must also be available to small and medium-sized Norwegian exporters and companies developing new knowledge and technology.

The process of securing a loan offer from Export Credit Norway encompasses several stages. The first stage involves a non-binding loan offer that is conditional upon a Norwegian supplier tendering for a contract. The threshold for obtaining such a non-binding loan offer is low, and the product must be regarded as accessible at this stage. The next stage, involving the conclusion of the commercial contract, is more challenging, since the borrower must secure guarantees from GIEK and/or banks to secure a binding loan offer from Export Credit Norway.

Perceptions of accessibility may differ at this stage, depending on the creditworthiness and attractiveness in the financial market of the borrower or the project. The capacity of GIEK and the banks to provide guarantees will affect how accessibility is perceived at this stage. In 2014, 69 of 308 (22 per cent) loan applications were received from SMEs. These SMEs tend to be suppliers rather than borrowers, and smaller suppliers may find the scheme just as accessible as larger businesses. In the customer surveys, 60 per cent of respondents reported being SMEs. There were no material differences between the responses received from small, medium-sized and large enterprises. However, follow-up, service and expertise are more important to SMEs than to other companies.

OPERATING ACCOUNTS IN 2014 (IN THOUSANDS OF NOK)



The surveys also showed that customers regard Export Credit Norway's products and services as accessible. Some 83 per cent (2013: 75 per cent) of exporters and 61 per cent (2013: 77 per cent) of borrowers reported receiving helpful advice on financing solutions from the company's staff. Moreover, 88 per cent (2013: 79 per cent) of exporters and 78 per cent (2013: 92 per cent) of borrowers stated that they had received timely, relevant feedback on their application. Among exporters, 90 per cent (2013: 88 per cent) said that Export Credit Norway's staff were accessible and easy to reach when needed. The corresponding figure for borrowers was 81 per cent (2013: 0 per cent).

The attractiveness of the scheme to borrowers will depend on the complexity and cost of completing transactions. The majority of the company's borrowers are larger, solid enterprises. Of all loan applications received by the company in 2014, 35 applications (11 per cent), related to projects classified as innovative or highly innovative. However, the majority of the applications related to the maritime or oil and gas sectors. These sectors feature a high degree of innovation compared to other sectors. Based on the characteristics of these sectors, the company has concluded that a large proportion of its loans are made to projects in highly innovative sectors. The customer surveys show that exporters and borrowers consider financing from Export Credit Norway to support the development of new technology or knowledge. Half of the responding exporters were of the opinion that Export Credit Norway supports the development of new technology or knowledge to a high degree, and 45 per cent of borrowers shared this view.

3.3 EFFECTIVE EXPORT FINANCING

Effective export financing involves the efficient organisation of the company and efficient operations, including application processing. The company is strongly focused on effective risk management, including the pricing, establishment and follow-up of loans.

3.3.1 Lending portfolio

At the end of 2014, Export Credit Norway's lending portfolio of NOK 60.9 billion encompassed 196 loans and 70 borrowers (at group level). 58 per cent of the loans were CIRR loans, while 42 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 is approximately NOK 720 million. The average loan size in the maritime sector is approximately NOK 300 million for ships and NOK 110 million for ship equipment. The average renewable energy loan amounted to NOK 170 million in 2014, while the average loan size for other industries was NOK 7 million. However, the majority of renewable energy and other industry loans 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

[6] Prop. 102 L (2011–2012).

due for repayment, and about various covenants that have to be followed up annually, semi-annually or quarterly. Such follow-up involves matters 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 capital repayments are monitored and recorded. In the event of any missed payments, the affected parties are notified after a short period. 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. All loans 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.

3.3.2 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 recorded in the government's balance sheet. The parliamentary white paper on the Act relating to Eksportkreditt Norge AS [6] 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 government assumes all risk in connection with the export credit scheme. All loans must be 100 per cent guaranteed by financial institutions and/or state guarantee institutions that satisfy the 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 2014. Export Credit Norway did not make claims under any of the guarantees provided for its loans in 2014. As per year-end, 73 per cent of the lending balance was guaranteed by GIEK. Of the remainder, 14 per cent was guaranteed by Norwegian banks and 13 per cent by foreign banks.

Repayments, interest and fees to be paid by borrowers 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 dedicated team is formed to manage the process in accordance with granted authorisations, in cooperation with the guarantors.

Guarantor and counterpart risk

The company's counterpart risk is governed by an overall risk framework for the entire lending portfolio, and by detailed limits for guarantors, the distribution of rating classes, rating levels and countries. Regular reports are made to the company's board of directors on limit utilisation by all guarantors. As per the end of 2014, all loans complied with the established frameworks for counterpart risk.

In day-to-day risk management, credit risk is limited by Export Credit Norway's right to require replacement of a guarantor if the guarantor's rating falls below Export Credit Norway's minimum rating level. At the end of 2014, the volume-weighted rating[7] for the lending portfolio was somewhat poorer than AA+[8], including GIEK. The volume-weighted rating excluding GIEK was A+ to A[9]. See also figure on page 27, which shows the 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 Norwegian krone and foreign currencies. Some 58 per cent of all loans included in the lending balance as per the end of 2014 were denominated in foreign currencies, primarily USD. In total, 42 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 deferred investments. The company has taken particular steps to address this risk by strengthening its expertise on payment systems and its legal capacity, as well as by concluding framework agreements with several

[7] A volume-weighted rating expresses the average rating per disbursed krone.
[8] 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 poorer than AA+.
[9] The volume-weighted rating excluding GIEK was 5.6, i.e. mid-A+ to A.

reputable law firms. In addition, emphasis has been given to establishing and implementing reliable control procedures.

3.3.3 The efficiency of Export Credit Norway's operations

Stortinget (the Norwegian parliament), made an operating and investment grant of NOK 100.5 million to the company for 2014. The company's operating costs for the year, which primarily comprised wage costs, administration costs and purchases of external services, amounted to NOK 93.3 million. Export Credit Norway's result for the year 2014 was a profit of NOK 5.6 million after tax. The company enjoys a strong equity position and strong liquidity, and has little exposure to financial risk.

The profit in 2014 was due to a combination of several factors, including under-consumption of external services and personnel costs. Pension costs linked to the defined-benefit scheme also added some uncertainty. The profit has been more than halved compared to 2013, indicating that the grant level is approaching a more stable long-term level. Export Credit Norway will use its experiences in 2014 to formulate future budget proposals that aim to avoid material surpluses or deficits.

Overall, the sick leave rate was 1.7 per cent in 2014. Short-term sick leave accounted for 0.8 per cent, while long-term sick leave accounted for 0.9 per cent.

In 2014, Export Credit Norway implemented several important projects to ensure the efficient operation of the organisation. The company's customer and document management system was fully implemented in 2014. The company also implemented a reporting solution which gathers and presents information from various source systems in visual form.

Export Credit Norway focused on cost-effective procurements and agreements in 2014. Several renewal options in agreements were exercised, and various new agreements were signed. Export Credit Norway also completed a competitive tender for the delivery of banking services in connection with loan disbursements, on behalf of the Ministry of Trade, Industry and Fisheries. DNB was chosen as the new provider of payment and account services. The procurement was organised under a framework agreement concluded by the Norwegian Government Agency for Financial Management (DFØ).

In the spring of 2014, Export Credit Norway signed an agreement expanding its office space. The addition of new meeting and quiet rooms has significantly improved the facilities available to the company's staff.

3.3.4 Cost-benefit analysis for the export credit scheme

The cost-benefit analysis for the export credit scheme for 2014 has largely been drawn up under the same principles as the cost-benefit analysis for 2013. The cost-benefit analysis for the export credit scheme shows that net interest income and fee income in 2014 totalled NOK 533 million after the deduction of Export Credit Norway's operating and investment grant. The CIRR scheme contributed net interest income of NOK 190 million in 2014, while the market scheme contributed net interest income of NOK 396 million. Export Credit Norway also received fee income of NOK 48 million. For detailed information, see the annex on the cost-benefit analysis for the export credit scheme.

3.3.5 Elimination of inefficiencies

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

The company's primary measure to simplify the regulatory framework for businesses is the introduction – in collaboration with GIEK – of a cheaper, simpler and quicker procedure for smaller loans. In November 2014, the two organisations launched a new, joint solution for export contracts totalling less than NOK 100 million, which includes a joint application form and joint indicative term sheet. Further simplification of the loan documentation for smaller loans will reduce the associated financial and time costs. Export Credit Norway and GIEK have also launched a new loan product which allows the exporter to bear the share of repayment risk not accepted by GIEK, instead of engaging a bank to do so.

In the area of operational matters and reporting, Export Credit Norway and the Ministry of Trade, Industry and Fisheries have agreed a revised, simpler template for reporting on parameters. Among other things, the half-year report has been eliminated, and the requirements relating to the annual report have been simplified.

As regards simplification of external regulations and procedures, work is continuing on a revision of the Export Credit Regulations.

3.3.6 Performance assessment (efficiency)

In 2014, Export Credit Norway gave great emphasis to boosting the efficiency of its organisation. During the year, the primary focus has been on improving data quality in source systems. A visible result of these efforts was the much improved response rate in the 2014 round of customer surveys, compared to 2013. Further, Export Credit Norway has improved the functionality of its offices by including more meeting and quiet rooms.

Export Credit Norway experienced high activity levels throughout 2014, and will have to strengthen its organisation in certain areas going forward. The number of loans under management increased from 142 to 196 during the course of the year. The follow-up of individual loans can be highly work-intensive, particularly if oil prices remain low and the risk of loan defaults remains higher. In Export Credit Norway's view, its organisation is now functioning efficiently.

The financial statements for the company's lending operation show that net interest income fell from NOK 658 million in 2013 to NOK 533 million in 2014, even though the portfolio increased in size. The cost-benefit analysis for the export credit scheme may vary from year to year, and changes in individual factors – such as the duration of loans and financing costs – may have a considerable impact. The year 2014 was characterised by low interest rates in the financial markets, which affected the cost-benefit analysis.

The export credit scheme is subject to risk exposure limits. The company's maximum permitted annual credit risk loss equals 0.02 per cent of the lending portfolio. This target has been operationalised by adopting a limit of 0.02 per cent for the maximum expected loss on the portfolio. At the end of 2014, the expected loss amounted to 0.0065 per cent. No actual losses were made on loans in 2014. The credit quality of the portfolio was stable throughout the year, and slightly exceeded an A rating (on the S&P scale) at year-end. Excluding loans guaranteed by GIEK, the loans in the lending portfolio were evenly distributed among the guarantors. The largest guarantor excluding GIEK had an 8.6 per cent share of the portfolio as per the end of 2014. GIEK's share of the lending portfolio was 75 per cent at the beginning of 2014, but fell to 73 per cent by the end of the year.

4.0 MANAGEMENT AND CONTROL OF THE COMPANY

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.

4.1 GOVERNANCE AND COMPANY MANAGEMENT

In many cases, financing from Export Credit Norway will be crucial for Norwegian exporters in securing contracts. Good governance and company management help Export Credit Norway to focus on its primary objective of offering competitive, accessible and effective export financing, and thus to help lay the foundation for profitable, sustainable development among Norwegian exporters. Export Credit Norway receives an annual grant from its owner adjusted to meet the company's needs. The company's processes and procedures are designed to ensure:

- responsible, proper administrative processing that ensures correct, timely decisions on matters concerning exporters, borrowers and guarantors
- reliable, transparent, adapted communication to raise awareness of the export financing scheme among different target groups
- the adoption of guidelines that secure the independence and impartiality of board members, management and administrative staff regarding cases in which they are involved
- that the likelihood of errors is reduced through risk management and internal control procedures
- the implementation of strategies and measures to promote diversity and gender equality.

4.2 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 emphasised internal control work in 2014. In addition to guidelines and guidance intended to support strong internal control, a project was implemented in 2014 to develop an integrated framework for internal control and operational management. Implementation of the project results began in 2014, and will continue in 2015.

The company's objective is for internal control to be integrated into all employees' daily routines, and thus to function as a first line of defence against errors. Line management has responsibility for risk assessment, risk management and risk-reducing measures, including the maintenance of appropriate internal control procedures.

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 2014, including through the recruitment of a dedicated compliance officer who took up the post towards the end of the year.

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.

4.3 RISK MANAGEMENT IN 2014

In Export Credit Norway's revised risk assessment for 2014, which was submitted to the Ministry for Industry and Fisheries in spring 2014, the following risks were deemed critical[10]:

1. Market changes rendering the export credit scheme less relevant

2. Poor capacity and vulnerability in respect of key individuals.

3. Errors in the design of loan and security documentation.

4. Error in disbursement and monitoring of loans.

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 illustrated by the fall in oil prices in 2014. 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 economy, and thus the export markets, are cyclical in nature. Fluctuations in demand for export financing are unavoidable. In 2014, 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 primary target group in this regard is SMEs in mainland industry, for whom a simplified application process was introduced in 2014.

Export Credit Norway is a small organisation, with just 46 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 in 2014, and will continue to improve its organisational robustness in 2015.

Export Credit Norway puts continuous emphasis on developing skills, systems and procedures to reduce the risk of loss. Routines and roles in case processing provides greater assurance that errors are avoided. 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 error and have better operational safety on disbursement and monitoring of loans. In addition, the internal audit focused on the disbursement and monitoring of loans in 2014.

4.4 INCIDENTS IN 2015

No incidents occurred in 2015 that altered the company's risk profile to a noteworthy extent. Export Credit Norway's risk assessment for 2015 was sent to the Ministry of Trade, Industry and Fisheries in the autumn of 2014.

[10] Red or orange risks after measures, see the risk matrix of the Norwegian Government Agency for Financial Management (DFØ).

5.0 FUTURE PROSPECTS

In terms of lending volume, the oil and gas sector is the prime driver of demand for Export Credit Norway's loans. International developments in the sector have a considerable impact on the Norwegian supplier industry. More than 90 per cent of the lending volume in 2015 is expected to relate to the financing of ships and equipment for offshore oil and gas projects. The drop in oil prices in the autumn of 2014 has had a major effect on the conclusion of contracts for new offshore-related ships and drilling rigs. New disbursements are forecast to total around NOK 15–20 billion in 2015, compared to NOK 25 billion in 2014. One consequence of falling oil prices and market uncertainty identified by Export Credit Norway is the rescheduling of more projects from 2015 to 2016. This is likely to reduce disbursements in 2015 and increase them correspondingly in 2016. A prolonged downturn in oil prices seems likely to affect the supplier industry in a major way in 2017, since the industry is primarily focused on the offshore market. However, the sharp depreciation of the Norwegian krone has strengthened the competitiveness of the export industry, and it is therefore realistic to expect the industry's market share to remain stable. The question is thus how large a drop the offshore market as a whole will suffer if oil prices remain low.

Export Credit Norway will continue to work with ship equipment exporters to boost export volumes. Traditional shipping excluding offshore appears likely to benefit from a prolonged reduction in oil prices, in the form of lower costs and increased trade with economies stimulated by cheaper oil.

The company will again give priority to collaboration with other policy-implementation bodies such as GIEK and Innovation Norway in 2015, to raise awareness of the export financing scheme among SMEs further. This collaboration will also encompass regional banks and relevant industry and trade associations. In 2014, the loan documentation for smaller loans was simplified considerably, and Export Credit Norway expects this initiative to have a positive impact on export-related SMEs, primarily in mainland industry.

REPORT FROM THE BOARD OF DIRECTORS 2014

The year 2014 was characterised by high activity levels. During the year, Export Credit Norway received 308 loan applications with a total value of NOK 133.2 billion. By the end of the year, Export Credit Norway's lending balance had risen to NOK 60.9 billion. The split among the different sectors was as follows:

- maritime (ships and ship equipment): 68.1 per cent
- oil and gas: 30.6 per cent
- renewable energy and other industries: just over 1.3 per cent

The lending volume for the mainland segments was relatively modest, primarily because around 60 per cent of applications came from small and medium-sized businesses (SMEs), and because a smaller proportion of applications resulted in disbursed loans. In contrast, SMEs accounted for only three per cent of applications from the maritime and oil and gas equipment sectors in 2014. Overall, the underlying application trend for the mainland segments was stable throughout the year.

The company's probability-adjusted order book totalled NOK 37.1 billion at year-end.

In 2014, Export Credit Norway invested in measures to further strengthen product portfolio and organisational structure.

THE EXPORT CREDIT SCHEME

Export Credit Norway is a limited company that is wholly owned by the Norwegian government as represented by the Ministry of Trade, Industry and Fisheries. The company was incorporated on 25 June 2012 and began operating on 1 July 2012. Export Credit Norway is based in Oslo.

Export Credit Norway administers the export credit scheme by providing export financing loans 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 agreement on officially supported export credits. The applicable credit guidelines for the company state that all loans must be 100 per cent guaranteed by a state export guarantee institution and/or by financial institutions with solid credit ratings. Loans are recorded in the government's balance sheet. The government is liable for the obligations the company incurs in connection with its lending activities and which do not relate to the operation of the company.

The company deals with the entire financing process, from sales and marketing to application processing, commitment, the implementation of loan agreements and loan documentation, and disbursement and monitoring of loans. These procedural steps are intended to ensure that no losses are made on loans due to deficient documentation, pricing, project assessments, loan follow-up or compliance with applicable regulations.

Export Credit Norway administers the export credit scheme in accordance with requirements laid down by the government through governing documents. The government requires the export credit scheme's cash flows to be kept separate from Export Credit Norway's operations. Cash flows from the export credit scheme pass directly through the government's group accounts system, which is administered by Norges Bank. The annual accounts of the export credit scheme are presented as part of the national accounts in accordance with the government's cash principle.

STRATEGY AND OBJECTIVES

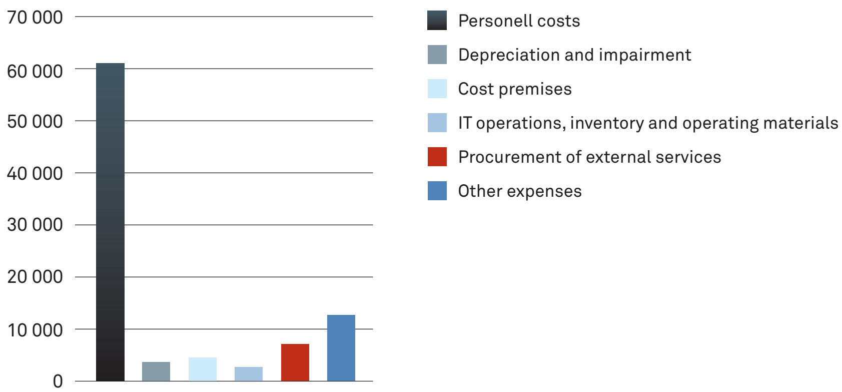
Export Credit Norway's primary objective is to promote Norwegian exports by providing competitive, accessible and effective export financing. The Ministry of Trade, Industry and Fisheries has identified assessment parameters for each sub-objective under the primary objective. These parameters are intended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

MARKET AND LENDING ACTIVITY

Developments in 2014 were marked by high lending activity. Both new-loan disbursements and early loan redemptions were higher than expected. Combined with the depreciation of the Norwegian krone, the higher disbursement level produced a new-loan volume of NOK 25.1 billion. As expected, the oil, gas and maritime sectors accounted for the majority of the lending volume in 2014.

OPERATING EXPENSES FOR 2014 (IN THOUSANDS OF NOK)



The Norwegian krone's depreciation is positive for parts of the Norwegian export industry.

The trend towards active bond markets and generally improved access to bank loans for large businesses with solid credit ratings continued throughout 2014. Although market access to capital was generally good, particularly for large entities, demand for loans from Export Credit Norway remained high. During the autumn, the market was affected by falling oil prices and greater selectiveness in the financial markets. In particular, the bond market became more restrictive with respect to companies with weaker credit ratings.

Export Credit Norway's mandate includes acting as a resource centre for the authorities. This involves, for example, providing expert feedback on the development of Norway's policies in relevant areas. The company is also involved in ongoing international negotiations relating to export financing regulations. In 2014, the development of the OECD interest rate regime and negotiations in the context of the International Working Group on Export Credits (IWG) have been priority tasks. The IWG includes representatives from China, India, Russia and Brazil, as well as from the OECD member states. Export Credit Norway has also participated in a working group appointed by the Ministry of Trade, Industry and Fisheries to evaluate measures to promote business activity in developing countries.

To ensure that exporters and borrowers have a positive export financing experience, it is crucial that Export Credit Norway and GIEK coordinate their processes closely and apply their mandates in a consistent manner. This is also important to Export Credit Norway's operational efficiency. In 2014, there was a particular focus on improving the range of products offered to SMEs. November saw the launch of a new joint solution by GIEK and Export Credit Norway. This includes a new product designed to reduce dependence on commercial banks in the SME segment – a segment in which banks do not act as loan guarantors – a joint application form, a joint offer letter (indicative term sheet) and a simplified loan agreement. The first loans under the new package are already being processed.

Export Credit Norway received financing applications for all of the offshore-related vessels for which Norwegian yards concluded contracts in 2014. Although the supply industry for the international oil and gas industry developed positively during the year, Norwegian suppliers experienced stronger competition from countries with lower cost levels.

Economic reports by Norges Bank and NHO, among others, show that the mainland economy grew more strongly than offshore-related industries in 2014. Nevertheless, mainland investment levels remain relatively low compared to the years preceding the financial crisis. In 2014, Export Credit Norway continued to focus marketing activities on mainland exporters to improve the accessibility of the export credit scheme. The company also gave priority to reinforcing direct marketing channels. For example, Export Credit Norway visited staff at all of Innovation Norway's regional offices to inform the local customer advisers of the utility of export financing as a sales argument for SMEs. The company also met 10 different banks to identify commercial bank customers who might benefit from export financing.

The total application volumes for 2014 and 2013 were as follows[1]:

TABLE 1: LOAN APPLICATIONS

(All volume amounts in NOK million)	Number of applications 2014	Number of applications 2013	Application volume 2014	Application volume 2013
Equipment for the oil and gas sector	46	67	55,615	85,722
Ship equipment	73	77	20,320	14,263
Ships	81	104	41,625	57,106
Renewable energy and environment	47	87	7,102	8,356
Other industries	61	74	8,586	6,743
Total	**308**	**409**	**133 247**	**172 190**

The export credit scheme's cash flows were as follows in 2014 and 2013:

TABLE 2: CASH FLOW STATEMENT FOR THE EXPORT CREDIT SCHEME

(All amounts in NOK million)	Total 2014	Total 2013
New disbursements	25,117	23,237
Interest income	1,159	987
Repayments[2]	15,022	8,701
Fee income	48	62

The disbursements also include loans taken over from Eksportfinans ASA in connection with the re-setting of interest margins. As of 31 December 2014, Export Credit Norway was administering 196 loans with a total value of NOK 60.9 billion.[3] Distributed by currencies and industries, the lending balance was as follows:

TABLE 3: LENDING BALANCE

(All amounts in NOK million)	NOK	USD	EUR	GBP	Total
Equipment for the oil and gas sector		18,621			18,621
Ship equipment	844	2,070		73	2,986
Ships	24,357	13,032	598	500	38,486
Renewable energy and environment	206		484		690
Other industries		37	18	20	74
Total	**25,407**	**33,759**	**1,100**	**593**	**60,858**
Share	**41.75%**	**55.47%**	**1.81%**	**0.97%**	**100%**

[1] Several projects are likely to be cancelled, meaning that the figure for probability-adjusted disbursements will be considerably lower.

[2] 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 2014, the Norwegian government made a net foreign exchange gain of NOK 287 million in connection with repayments. Accordingly, repayments adjusted for the foreign exchange gain totalled NOK 15,309 million.

[3] Based on Norges Bank's mid-rate on the final banking day of December 2014: USD=NOK 7.4332; EUR=NOK 9.0365 and GBP=NOK 11.571. The figures in the government's capital accounts are based on historical exchange rates, and will therefore not be directly comparable with Table 3.

Furthermore, Export Credit Norway arranged a number of customer and dialogue meetings around the country, mostly in collaboration with GIEK, Innovation Norway, local banks and/or local business associations.

At the end of 2014, the lending balance including historical exchange rates (historical cost), totalled NOK 54.4 billion.[4] The currency distribution generally reflects which industries receive the largest loans. While Export Credit Norway has only made loans in USD to the oil and gas sector, the maritime sectors are dominated by NOK, followed by USD.

More CIRR loans were disbursed in 2014 than 2013. Some 72 per cent of the 2014 disbursement volume comprised CIRR loans, whereas the corresponding figure for 2013 was 33 per cent.

The high volumes in the oil, gas and maritime sectors are also reflected in the average loan sizes. In 2014, the oil and gas sector featured the largest average loan size at NOK 720 million per loan, whereas the average loan size in the maritime sector was NOK 270 million. In contrast, in the renewable energy sector and other sectors, the average loan size was NOK 50 million, with most loans totalling less than NOK 10 million.

At the end of December 2014, the total order reserve amounted to NOK 112.8 billion, while the probability-adjusted order book totalled NOK 37.1 billion.[5] The probability-adjusted order book for the oil and gas sector amounted to NOK 19 billion, while the totals for the maritime sector and renewable energy and other sectors were NOK 17 billion and NOK 1.1 billion, respectively.

EXPORT CREDIT NORWAY, SINGLE ENTITY FINANCIAL STATEMENTS

Export Credit Norway receives a grant to administer the export credit scheme under the government's budget. The grant is approved by Stortinget (the Norwegian parliament), annually. In 2014, the grant amounted to NOK 100.5 million. Of this total, NOK 98.9 million was recognised as income, while operating costs totalled NOK 93.3 million. In 2013, the operational grant was NOK 105 million and operating costs amounted to NOK 86.2 million. The operational costs primarily comprise wage costs, administrative costs and purchases of external services.

The financial result for 2014 shows a profit of NOK 5.6 million after tax, compared to a post-tax profit of NOK 12.0 million in 2013. The company has NOK 44.3 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.

Stortinget has approved an operating grant for Export Credit Norway of NOK 107 million for 2015.

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 5.6 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 government's 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 were made on disbursed loans in 2014.

The greatest risks associated with the export credit scheme are counterparty risk relating to guarantors, market risk and operational risk.

In 2014, Export Credit Norway took steps to strengthen its internal controls. A project to introduce an integrated internal control and operational management framework was completed, and a new employee was recruited to the compliance function.

Counterparty risk

The Ministry of Trade, Industry and Fisheries approved a credit policy for

[4] The historical exchange rate is the exchange rate at which the loans were originally disbursed.
[5] A loan is included in the order book once the customer has accepted the conditions in the offer letter (indicative term sheet).

the export credit scheme in 2013, which the company operationalised that year. Regular reports are made to the board of directors on framework utilisation for all guarantors. At the end of 2014, all loans were well within the stipulated counterparty risk limits.

Market risk

The export credit scheme is associated with considerable market risk. At the end of 2014, 58 per cent of all loans included in the lending balance were denominated in foreign currencies, representing an increase from 55 per cent in 2013. Some 42 per cent of the lending balance comprised loans on market terms, compared to 62 per cent the previous year. The lending balance amounted to NOK 45 billion as at year-end 2013, while the lending balance at historical prices totalled NOK 44.4 billion. In other words, exchange rate changes meant that the lending portfolio at year-end 2013 was NOK 0.6 billion larger than the NOK figure based on the exchange rates at which the loans were disbursed. The depreciation of the Norwegian krone, particularly against the US dollar, towards the end of 2014 has exacerbated this difference. At year-end 2014, the lending balance was NOK 60.9 billion, while the lending balance at historical prices was NOK 54.4 billion. In other words, the lending portfolio at year-end 2014 was NOK 6.5 billion larger than the NOK figure based on the exchange rates at which the loans were disbursed.

Export Credit Norway's financial market risk is limited. The company's market risk primarily relates to losses linked to external services re-invoiced to borrowers.

Operational risk

Operational risk is primarily linked to the correctness of loan and security documentation, satisfactory handling of risks relating to money laundering, corruption and environmental and social conditions, and ongoing loan follow-up and the receipt and making of payments. Operational risk has been addressed especially by strengthening Export Credit Norway's in-house legal capacity and concluding framework agreements with several recognised law firms that advise the company on its loan transactions. Further, in 2014, the company focused on implementing strong control procedures for ongoing loan follow-up and the receipt and making of payments.

Other company operations

The risks associated with Export Credit Norway's other operations primarily relate to the successful implementation and continued development of critical systems, and compliance with the requirements imposed on the company by the 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. In 2013, Export Credit Norway began evaluating projects for which applications are made with regard to the degree of innovation, in accordance with the OECD classification system. Of 308 applications, 35 were classified as "highly innovative" or "innovative" in 2014.

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 introduced a continuing professional development programme. In 2014, a secondment programme was launched to enable staff from Export Credit Norway, GIEK and Innovation Norway to spend time at the other organisations. Management aims to manage by clear objectives, ensure widespread information-sharing and provide clear feedback on completed work. The company expects its staff to take initiative, provide each other with constructive, clear feedback, be flexible and promote a positive work environment.

The company's overall sick leave rate was 1.7 per cent in 2014. Short-term sick leave accounted for 0.8 per cent of this total, while long-term sick leave amounted to 0.9 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 at the end of 2013/beginning of 2014, and was at a satisfactory level. The company's working environment committee met twice during the course of the year.

In 2014, Export Credit Norway employed 44 full-time equivalents, compared to 39 in 2013. The company has strengthened its permanent workforce to replace external consultants and build adequate capacity reflecting its intensified external focus and increased work volume.

GOVERNANCE AND COMPANY MANAGEMENT

In many cases, financing from Export Credit Norway will be crucial for Norwegian exporters in securing contracts. Good governance and company management help Export

Credit Norway to focus on its primary objective of offering competitive, accessible and effective export financing to promote the profitable, sustainable development of Norwegian export industries. Export Credit Norway receives an annual grant from the government adjusted in view of its ongoing operations. The company is fully grant-funded, and does not take up loans. The company's processes and procedures are designed to ensure:

- responsible, proper administrative processing that ensures the correct, timely processing of loan-related applications from exporters, borrowers and guarantors
- informative, transparent communication with different target groups to raise awareness of the export financing scheme
- the adoption of guidelines that secure the independence and impartiality of board members, management and administrative staff in cases in which they are involved
- that the likelihood of errors is reduced through risk management and internal controls.

SOCIAL RESPONSIBILITY

The board emphasises that Export Credit Norway's social responsibility work is an integral part of the company's operations and strategy.

Work with environmental and social conditions

Export Credit Norway can help to focus greater attention on environmental and social conditions by imposing requirements on stakeholders in the projects it finances. It is in the processing of loan applications that the company can make a real difference. The main guidelines for this work are found in the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence. In June 2014, Export Credit Norway adopted the Equator Principles, an almost identical framework for the financing of large-scale projects by major international banks. The company decided to adopt the principles because it often participates in syndicates with other banks which have adopted them, and because it considers membership of the banks' social responsibility network to be helpful.

Under the guidelines on the OECD scheme and the Equator Principles, all loans made by Export Credit Norway are classified as falling into one of three categories: A, B or C. The categories represent different degrees of severity in risk assessments of environmental consequences and/or social conditions. Projects that are deemed to have a high potential for material harm to the environment or to present a risk of negative social conditions or 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 has initiated formal cooperation with GIEK on the assessment of risks relating to environmental and social conditions. The company did not disburse any category A loans in 2014. The OECD and Equator Principle guidelines do not cover mobile units.

Anti-corruption

Export Credit Norway aims to prevent corruption in connection with the export contracts it finances. The company is increasingly entering new markets and countries associated with a high risk of corruption. Export Credit Norway considers close collaboration with GIEK and agent banks in these areas important for the coordination of resources to ensure that customer-focused processes are as harmonised and efficient as possible. In 2014, the company revised its anti-corruption guidelines, which reflect both Norwegian legislation and the OECD Recommendation on Bribery and Officially Supported Export Credits. Implemented measures are based on risk assessments of countries, sectors and transaction types. Additional investigative steps are taken when a case presents an increased risk of corruption or money laundering or these things are suspected. In such cases, the type of customer, company and ownership structure, geographical location and transaction structure are investigated more thoroughly. All loans are granted subject to the proviso that no corruption is suspected in connection with the transaction. In accordance with the "know your customer" money laundering principle, Export Credit Norway evaluates borrowers pursuant to the rules in the Money Laundering Act.

The company's direct impact on the external environment

Export Credit Norway does not pollute the external environment through its office operations, and its level of business travel is not greater than customary for a company of its size and type.

Ethical guidelines

Export Credit Norway is accountable to the government as its owner and client, and has duties and rights under the Act relating to Eksportkreditt Norge AS (the Export Credit Act), as well as applicable national and international laws, rules and guidelines. The company is responsible for ensuring that public funds are properly administered. To ensure optimal compliance with its obligations, Export Credit Norway has developed ethical guidelines and incorporated them into its governing documents. The company's ethical guidelines were revised in 2014. The guidelines set out desirable conduct, and the company seeks to ensure that all employees are aware of them. No breaches of the ethical guidelines were registered in 2014.

Gender equality and diversity

At the end of 2014, the company had 46 employees, including 22 women (48 per cent). The proportions of women on the board of directors and in the management group were 50 per cent and 17 per cent, respectively.

The company seeks to offer equal opportunities and rights to all employees irrespective of gender, nationality, colour and ethical outlook. Export Credit Norway's staff members come from a range of cultural and ethnic backgrounds. Going forward, greater emphasis will be given to developing talent and formulating strategies to promote gender equality and diversity among the company's staff.

THE WORK OF THE BOARD OF DIRECTORS

The board of directors held a total of 12 meetings in 2014, including eight ordinary meetings and four telephone/circulation meetings. The board focused on matters such as the company's strategy and objectives, marketing, day-to-day approval of major loans and credit limits, the company's reporting, internal controls and operational management, communications strategy and the development of the company's compliance and anti-corruption guidelines. The board also worked on the design of attractive products for SMEs, and monitored developments in the oil and gas and maritime sectors.

THE FUTURE

Export Credit Norway expects activity levels in the offshore sector to drop as oil prices fall and market conditions for suppliers become more demanding. These developments are expected to bring about a substantial decline in the number of new applications relating to offshore ships and rigs. The company anticipates new loan disbursements of NOK 15-20 billion in 2015, compared to NOK 25 billion in 2014. New projects scheduled for disbursement in 2015 are primarily projects already launched by the supplier industry. Market uncertainty means that more new-loan disbursements are likely to be cancelled than normal.

Nevertheless, providing efficient, accessible and competitive export financing is particularly important when market conditions are challenging and companies are restructuring. Active, targeted marketing, combined with the simplification of processes and loan documentation for smaller loans, is expected to help SMEs with customers looking for loan financing. In 2015, the company will continue to focus on raising the profile of the scheme and adapting the range of export financing products for the SME sector in close cooperation with GIEK, Innovation Norway and other stakeholders.

Oslo, 6 March 2015

Else Bugge Fougner
Board Chair

Siri Beate Hatlen
Board member

Trude Husevåg
Board member

Finn Ivar Marum
Board member

Øivind Kristian Rue
Board member

Jørgen Christian Hauge
Board member

Jarle Roth
Chief Executive Officer

In front (from left):
Marie Sørli (deputy employee-elected representative and observer), Øivind Rue, Finn Ivar Marum, Else Bugge Fougner (board chair), Jørgen Hauge (board member and employee-elected representative), Trude Husevåg and Siri Hatlen.

2014 ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT

(all amounts in NOK '000)	Notes	01 Jan – 31 Dec 2014	01 Jan – 31 Dec 2013
Other revenues	2	98,946	99,156
Total operating revenues		**98,946**	**99,156**
Salaries and payroll costs	3, 10, 12	61,139	53,895
Appreciation, amortisation and impairments	5	3,700	2,338
Other operating expenses	13, 14	28,199	28,937
Provision for losses on receivables	6	225	1,018
Total operating expenses		**93,263**	**86,188**
Operating profit		**5,683**	**12,968**
Financial income		2,299	1,359
Financial expenses		97	73
Net financial items		**2,202**	**1,286**
Profit for the year before tax		**7,885**	**14,254**
Tax expense	4	2,237	2,259
NET PROFIT FOR THE YEAR		**5,648**	**11,995**

The net profit for the year of NOK 5,648 has been transferred to other equity, see Note 9.

BALANCE SHEET

(all amounts in NOK '000)	Notes	31 Dec 2014	31 Dec 2013
ASSETS			
Fixed assets			
Intangible assets	5	8,509	9,143
Means of transport, fixtures and computer equipment	5	2,842	2,898
Deferred tax asset	4	7,301	6,786
Total fixed assets		**18,652**	**18,827**
Current assets			
Trade receivables	6	4,861	2,990
Other receivables	6	694	202
Cash and cash equivalents	7	63,453	59,478
Total current assets		**69,008**	**62,670**
TOTAL ASSETS		**87,660**	**81,497**
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	30,417	24,769
Total equity		**44,334**	**38,686**
LIABILITIES			
Provisions for liabilities			
Pension liabilities	10	11,567	14,767
Investment grants not recognised as income	2	7,442	5,844
Other long-term liabilities	10, 12	2,360	0
Total provisions for liabilities		**21,370**	**20,611**
Current liabilities			
Trade payables	11	4,868	1,123
Public taxes and charges payable	4, 11	7,030	12,824
Other current liabilities	10,11,12	10,058	8,252
Total current liabilities		**21,956**	**22,199**
Total liabilities		**43,326**	**42,810**
TOTAL EQUITY AND LIABILITIES		**87,660**	**81,497**

Oslo, 6 March 2015

Else Bugge Fougner
Board Chair

Siri Beate Hatlen
Board member

Trude Husevåg
Board member

Finn Ivar Marum
Board member

Øivind Kristian Rue
Board member

Jørgen Christian Hauge
Board member

Jarle Roth
Chief Executive Officer

CASH FLOW STATEMENT

(all amounts in NOK '000)	01 Jan – 31 Dec 2014	01 Jan – 31 Dec 2013
CASH FLOW FROM OPERATIONS		
Grants	100,500	105,000
Interest income	1,815	1,155
Outflows from operations	95,373	87,764
Net cash flow from operations	**6,942**	**18,391**
CASH FLOW FROM INVESTMENTS		
Investments in tangible fixed assets*	-3,237	-6,086
Payment received upon sale of fixed asset	270	0
Net cash flow from investments	**-2,967**	**-6,086**
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	3,975	12,305
Cash and cash equivalents as of 1 January	59,478	47,173
Cash and cash equivalents as of 31 December	**63,453**	**59,478**

*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 of 31 December 2014.

Where uncertainties have arisen, the company has used best estimates based on the information available at the time the 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, although the effects of changes to accounting principles and any corrections of errors in earlier annual accounts have been recorded directly against equity. 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, since it is unlikely that the company will be wound up.

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, performance-related employee remuneration and losses on trade receivables.

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 Stortinget (the Norwegian parliament), and 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 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. Receivables 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 where 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 the software operational), and depreciated over its expected useful life (up to 5 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 27% 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 2014, the company received operating/investment grants from the Norwegian State totalling NOK 100.5 million, excluding value added tax. The company had no other income.

All amounts in NOK '000	2014	2013
Grant		
Operating grant	97,263	98,913
Investment grants recognised in the income statement during the period	1,639	243
Total grants recognised in the income statement	**98,902**	**99,156**
Gain on sale of fixed assets	44	0
Total operating revenues	**98,946**	**99,156**
Change in investment grants recognised in the balance sheet as of 31 December	1,598	5,844
Total grants and other income	**100,544**	**105,000**

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

All amounts in NOK '000	2014	2013
Salaries and payroll costs		
Salaries	45,515	39,431
Employer's national insurance contributions	6,566	6,382
Pension costs	5,894	5,436
Other personnel costs	3,164	2,646
Total salaries and payroll costs	**61,139**	**53,895**
Number of employees as of 31 December	44	42
Number of temporary employees	2	0
Number of employees with signed employment agreements who had not yet started work as of 31 December	1	0
Number of full-time equivalents employed	44	39

NOTE 4 TAX EXPENSE

All amounts in NOK '000	2014	2013
Calculation of tax payable		
Profit before tax on ordinary operations	7,885	14,254
Permanent differences	400	226
Change in temporary differences	1,907	16,587
Basis for tax payable	10,192	31,067
Tax payable on the result for the year (27%/28%)	**2,752**	**8,699**
Tax payable in the balance sheet comprises		
Tax payable on the profit for the year	2,752	8,699
Total tax payable in the balance sheet	**2,752**	**8,699**
The tax expense for the year comprises		
Tax payable on the profit for the year	2,752	8,699
Change in deferred tax asset	-515	-6,440
Total tax expense for the year	**2,237**	**2,259**
Breakdown of the basis for deferred tax		
Operating assets	-338	297
Net pension liabilities	-11,567	-14,767
Investment grants not recognised as income	-7,442	-5,844
Other temporary differences	-7,692	-4,818
Total temporary differences	-27,039	-25,132
Deferred tax (+)/deferred tax asset (-) as of 31 December	**-7,301**	**-6,786**
Reconciliation of nominal and actual tax rates		
Expected tax at nominal rate (27%)	2,129	3,991
Effect of permanent differences	108	63
Effect of recognition as income for tax purposes upon assumption of pension liabilities	0	-2,046
Effect of reduced tax rate (27%) from 2014	0	251
Tax expense per income statement	**2,237**	**2,259**

NOTE 5 INTANGIBLE ASSETS AND FIXED ASSETS

2014 All amounts in NOK '000	Intangible assets	Fixtures/ building work	Computer equipment	Means of transport	Art	Total
Acquisition cost 1 Jan 2014	10,811	2,428	1,831	400	0	15,470
Acquisitions 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	5 years	5 years	3 years			
Depreciation schedule	Linear	Linear	Linear	Reducing balance (20%)	Not depreciated	

2013 All amounts in NOK '000	Intangible assets	Fixtures	Computer equipment	Means of transport	Art	Total
Acquisition cost 1 Jan 2013	4,893	2,333	1,758	400	0	9,384
Acquisitions of operating assets	5,918	95	73	0	0	6,086
Disposals of operating assets	0	0	0	0	0	0
Acquisition cost 31 Dec 2013	10,811	2,428	1,831	400	0	15,470
Accumulated amortisations 1 Jan 2013	489	230	293	80	0	1,092
Amortisations for the year	**1,179**	**484**	**610**	**64**	**0**	**2,338**
Book value 31 Dec 2013	**9,143**	**1,714**	**928**	**256**	**0**	**12,040**
Useful life	5 years	5 years	3 years			
Depreciation schedule	Linear	Linear	Linear	Reducing balance (20%)		

The company does not lease any tangible fixed assets of significant value that are not recognised in the balance sheet.

NOTE 6 TRADE RECEIVABLES AND OTHER RECEIVABLES

All amounts in NOK '000	2014	2013
Accounts receivable	3,795	2,391
Costs re-invoiced to borrowers	2,308	1,617
Provisions for losses on receivables	-1,242	-1,018
Total trade receivables and other receivables	**4,861**	**2,990**
Total prepayments to suppliers	**694**	**202**

NOTE 7 CASH AND CASH EQUIVALENTS

As of 31 December 2014, the company held NOK 63.5 million in cash, or cash equivalents, including NOK 2.4 million in tax deducted at source.

NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The company's share capital totalled NOK 10 million as of 31 December 2014, 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 2013	**10,000**	**3,917**	**24,769**	**38,686**
Profit for the year	0	0	5,648	5,648
Equity 31 Dec 2014	**10,000**	**3,917**	**30,417**	**44,334**

NOTE 10 PENSION COSTS

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.

Five senior executives also have agreements for a defined-contribution scheme for salary above 12 Gs in accordance with the "Guidelines on terms and conditions of employment for managers in state enterprises" adopted by the second Stoltenberg Government on 31 March 2011. The scheme includes external funding corresponding to 30% of salary above 12 G.

Defined-benefit scheme

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

Three senior executives transferred from Eksportfinans had individual agreements concerning a defined-benefit scheme for salary above 12 Gs, as well as early-retirement agreements which have been continued by Export Credit Norway. Two of these agreements have been renegotiated entirely or in part in return for a one-off compensation lump sum, which will be paid as salary. Early retirement has been phased out with respect to these two agreements. In the case of one of the senior executives, the defined-benefit scheme for salary above 12 Gs has been replaced by a defined-contribution scheme for salary above 12 Gs. Previous provisions under pension liabilities relating to the renegotiated parts of the pension agreements have thus been replaced by new provisions under salaries and payroll costs. Under these arrangements, the two senior executives have been granted a right to receive a payment in respect of the calculated capital value of this benefit at a defined point in time (in 2015 and 2017, respectively), provided that they are employed by the company at the time of payment. All defined-contribution schemes are closed to new members. See Note 12 for an overview of salary and other remuneration paid to 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 new AFP scheme, which applies as of 1 January 2011, must be regarded as a defined-benefit, multi-enterprise scheme, but is for accounting purposes 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.

All amounts in NOK '000	Funded scheme	Unfunded scheme	Total
2014			
Net pension costs			
Present value of accrued pension entitlements for the year	3,003	615	3,618
Interest expense on pension liabilities	1,720	430	2,150
Expected yield on pension assets	-1,622	0	-1,622
Reduction and payments under pension agreements	0	-3,800	-3,800
Estimate deviations recognised in the income statement	17	128	145
Employer's national insurance contributions	438	147	585
Net pension costs	**3,556**	**-2,480**	**1,076**
Cost of replaced early-retirement scheme			2,650
Total net pension costs, defined-benefit scheme			**3,726**

All amounts in NOK '000	Funded scheme	Unfunded scheme	Total
2014			
Liabilities recognised in the balance sheet			
Accrued pension liabilities	-62,386	-9,759	-72,145
Pension assets at market value	40,349	0	40,349
Estimate deviations not recognised in the income statement	18,271	1,958	20,229
Net pension assets (+)/liabilities (-)	**-3,766**	**-7,801**	**-11,567**
Of which employer's national insurance contributions	2,723	1,206	3,929
Provision for replaced early-retirement scheme			-2,650
Total net liabilities recognised in the balance sheet	**-3,766**	**-7,801**	**-14,217**

	31 Dec 2014	31 Dec 2013
Assumptions		
Discount rate	2.30%	4.00%
Expected yield on pension assets	3.20%	4.40%
Expected salary increases	2.75%	3.75%
Expected adjustment in the national insurance scheme basic amount (G)	2.50%	3.50%
Expected pension adjustment	0.00%	0.60%
Mortality table applied	K2013	K2010

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

	2014	2013
Total net pension costs		
Net defined-benefit pension costs	491	4,457
Employer's national insurance contributions on paid-in premiums under defined-benefit pension scheme	585	-776
Other elements	-82	0
Expensed early retirement (AFP) pensions	412	295
Replacement of pension scheme	2,650	0
Net defined-contribution pension costs	1,838	1,460
Total net pension costs	**5,894**	**5,436**

NOTE 11 CURRENT LIABILITIES

All amounts in NOK '000	2014	2013
Current liabilities		
Trade payables	4,868	1,123
Tax payable	2,752	8,699
Other public taxes and charges payable	4,278	4,125
Provision for liabilities	5,115	4,176
Provision for holiday pay	4,628	3,776
Pre-payments received from customers	315	300
Total current liabilities	**21,956**	**22,199**

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 terms and conditions of employment for managers in state-owned enterprises" (adopted by the second Stoltenberg Government on 31 March 2011). As of 2015, the board will apply new guidelines, 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). With the exception of adjustments resulting from new government guidelines, the board plans to retain the main elements of the company's guidelines in 2015. The company's guidelines are described below.

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 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 is not included in the scheme.

Like other employees, senior executives are offered benefits-in-kind such as newspapers/magazines and telephone/communication benefits. In 2014, all employees were permitted to take up favourably priced personal loans. The scheme has now been closed. The subsidised loan scheme allowed individuals to take up loans with the company's bank totalling up to three times their fixed salary, with the company covering interest expenses equal to the difference between the bank's defined market rate and the government's normative interest rate. The interest differential covered by the company in 2014 varied from 0.8% to 1.95%. 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 is in accordance with the "Guidelines on terms and conditions of employment for managers in state-owned enterprises" adopted by the second Stoltenberg Government on 31 March 2011. Some senior executives transferred from Eksportfinans have individual agreements concerning a defined-benefit pension for salary above 12 Gs, as well as early-retirement agreements which were continued by Export Credit Norway. Two of these agreements have been renegotiated entirely or in part in return for a one-off compensation lump sum, which will be paid as salary. Early retirement has been phased out with respect to these two agreements. In the case of one of the senior executives, the defined-benefit scheme for salary above 12 Gs has been replaced by a defined-contribution scheme for salary above 12 Gs. Previous provisions under pension liabilities relating to the renegotiated parts of the pension agreements have thus been replaced by new provisions under salaries and payroll costs. Under these arrangements, the two senior executives have been granted a right to receive a payment in respect of the calculated capital value of this benefit at a defined point in time (in 2015 and 2017, respectively), provided that they are employed by the company at that time. See Note 10 for a complete list of pension benefits.

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. Some senior executives transferred from Eksportfinans have maintained individual agreements on severance pay. No other senior executives have agreements on severance pay. The CEO and 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 accounting year 2014

The executive remuneration policy for the accounting year 2014 has been implemented as described above and in accordance with the guidelines considered at Export Credit Norway's annual general meeting in 2014.

Remuneration paid to senior executives

2014 All amounts in NOK '000	Salary[1]	Interest benefit[2]	Allocated bonus[3]	Other remuneration[4]	Pension[5]
Jarle Roth	2,672	0	0	175	561
Eli Skrøvset	1,762	0	165	168	299
Olav Einar Rygg	1,462	6	135	170	531
Ivar Slengesol	1,306	20	123	171	335
Tobias Hvinden	1,247	0	118	172	269
Jostein Djupvik	1,208	9	110	171	250

2013 All amounts in NOK '000	Salary[6]	Interest benefit[2]	Allocated bonus[7]	Other remuneration[4]	Pension
Jarle Roth	2,379	0	0	173	639
Eli Skrøvset	1,541	0	182	169	299
Olav Einar Rygg	1,494	15	148	171	855
Ivar Slengesol	1,320	10	134	171	362
Tobias Hvinden	1,189	0	129	171	211
Jostein Djupvik	1,152	22	119	170	212

1) Salary and holiday pay in 2014 less bonus paid in 2014.
2) Subsidised interest rate on mortgage.
3) Maximum potential bonus shows allocation of 75% of max. 1.5 months' salary. CEO is not included in the scheme.
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 to reflect 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 pension 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. The 2013 figure includes payments in arrears under the defined-contribution scheme for salary above 12 Gs for Jarle Roth and Eli Skrøvset.
6) Salary and holiday pay in 2013 less bonus paid in 2013.
7) Shows allocated bonus. The bonuses paid to Skrøvset, Slengesol and Hvinden equalled the allocated amounts. In the case of Djupvik and Rygg, the paid bonuses totalled NOK 125,800 and NOK 139,300, respectively.

Export Credit Norway has concluded an agreement with Eksportfinans concerning separate settlement of pension liabilities linked to three employees transferred from Eksportfinans to Eksportkreditt Norge. The agreement involves the transfer of special pension liabilities relating to the three employees from Eksportfinans to Eksportkreditt Norge, in return for the payment of compensation by Eksportfinans to Eksportkreditt Norge. The said agreement contains a conditional obligation to repay an amount to Eksportfinans if two of the employees resign from Eksportkreditt Norge during a specified period of time. Eksportkreditt Norge considers it less than 50% likely that the affected employees will resign by the specified dates. Based on this probability calculation, Eksportkreditt Norge considers it unlikely that the amount will be repaid to Eksportfinans in full or in part. Accordingly, in accordance with NRS 13, no provision has been made in respect of this conditional liability to Eksportfinans in the 2014 accounts.

Agreements have been concluded with two employees for one-off payments in 2015 and 2017, respectively, to cover some of the liabilities. The total liability relating to the two affected employees totals a maximum of NOK 2.6 million, and a provision has been made in respect of this liability in the 2014 accounts. See also Note 10.

Remuneration paid to the board

All amounts in NOK '000	2014	2013
Else Bugge Fougner (Board Chair)	300	300
Siri Hatlen	180	180
Trude Husevåg	180	180
Finn Ivar Marum	180	180
Øyvind Kristian Rue	180	180
Jørgen Hauge[8]	203	180
Kaare Arne Haahjem[9] (observer)	26	0
Marie Sørli [10] (observer)	9	0

NOTE 13 REMUNERATION PAID TO THE AUDITOR

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

All amounts in NOK '000	2014	2013
Statutory audit	338	270
Tax advice	22	18
Other certification services	64	3
Other non-audit services	0	33
Total auditor's fees	**424**	**324**

8) The 2013 board remuneration paid to Jørgen Hauge includes a payment in arrears of NOK 45,000 for 2012. The board remuneration paid to Hauge in 2014 includes a payment in arrears of NOK 34,000 in respect of 2013.
In 2015, Hauge will be paid in arrears in respect of board remuneration for 2014, meaning that the total board remuneration for 2014 less the payment in arrears in respect of 2013 is NOK 180,000.

9) The board remuneration for observers is NOK 35,000 per year. Kaare Arne Haahjem received board remuneration for three quarters in 2014.

10) Marie Sørli received board remuneration for one quarter in 2014.

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 years.

In 2014, the rental cost totalled 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 Stortinget, 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 2014, 73% of the lending portfolio under the export credit scheme was guaranteed by The Norwegian Export Credit Guarantee Agency GIEK. GIEK is an administrative body, and thus part of the Norwegian State, whereas Export Credit Norway is an independent legal entity wholly-owned by the Norwegian State. An important principle is that the conditions which 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, and primarily relates to losses linked to disbursements incurred in connection with external assistance which are re-invoiced to borrowers. The company is engaged in a dialogue with its owner, the Ministry of Trade, Industry and Fisheries, regarding coverage of any such losses via the fiscal budget.

NOTE 17 EVENTS AFTER THE BALANCE SHEET DATE

The company is not aware of events after the balance sheet date that affect the 2014 annual accounts.

AUDITOR'S REPORT

KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders meeting in Eksportkreditt Norge AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Eksportkreditt Norge AS, showing a profit of NOK 5 648 000. The financial statements comprise the balance sheet as at 31 December 2014, 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.

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 Eksportkreditt Norge AS as at 31 December 2014, 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.

AUDITOR'S REPORT

KPMG

Independent auditor's report 2014
Eksportkreditt Norge AS

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 profit 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.

Oslo, 16 March 2015
KPMG AS

Ole Christian Fongaard
State Authorized Public Accountant

[Translation has been made for information purposes only]

LETTER FROM THE OFFICE OF THE AUDITOR GENERAL

Riksrevisjonen

Office of the Auditor General of Norway

Executive officer
Kjersti Stilesby Mauritzen +47 22241324

Our date	Our reference
18.03.2015	2014/01298-25
Your date	Your reference

Eksportkreditt Norge AS
Postboks 1315 Vika

0112 OSLO
Norge

Audit of the loan scheme 2014

The Act relating to Eksportkreditt Norge AS (the Export Credit Act) states in Article 4 that Riksrevisjonen - The Office of the Audit General of Norway - shall be responsible for the audit of the loan scheme. On this basis, and, as part of the 2014 annual accounts of the Ministry of Trade and Fisheries, Riksrevisjonen has audited the loan accounts, including management of the scheme by Eksportkreditt Norge AS.

For your information no separate audit report or other written statement on the loan accounts will be provided by our office.

Yours sincerely

Hans Conrad Hansen

Hans Conrad Hansen
Director General

for Hans Magnus Åsland

Elisabeth Slaatbråten
Deputy Director General

Copy: Ministry of Trade and Fisheries

Postal address	Office address	Telephone	Fax	E-mail/Internet	Bank acc. no	Org.no.
Postboks 8130 Dep N-0032 Oslo	Pilestredet 42 0167 Oslo	+47 22 24 10 00	+47 22 24 10 01	postmottak@riksrevisjonen.no www.riksrevisjonen.no	7694 05 06774	974760843

LENDING ACCOUNT 2014

CASH FLOW STATEMENT FOR THE EXPORT CREDIT SCHEME

All figures in NOK million	Note	2014	2013
New disbursements	1	25,117	23,237
Interest income	1	1,159	987
Fee income	1	48	62
Repayments	1	15,022	8,701

CAPITAL ACCOUNT – ACCOUNTS RECEIVABLE

All figures in NOK million	Note	2014	2013
Opening balance 1 January	2	44,372	29,852
New disbursements	2	25,117	23,237
Repayments	2	15,022	8,701
Corrections (-)	2	-	16
Total changes during the period	2	10,095	14,520
Closing balance 31 December	2	54,467	44,372

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 rate at which the loans were disbursed.
No hedging is undertaken to protect against exchange-rate fluctuations. The State incurred a repayment-related net foreign exchange loss of NOK 287 million in 2014, meaning that repayments corrected for foreign exchange losses totalled NOK 15,309 million.

NOTE 2 CAPITAL ACCOUNT

All amounts are recorded in accordance with historical rates, i.e. the rates at which the loans were disbursed.
The corrections are primarily linked to the correction of certain incorrect entries in the 2013 accounts. In addition, a small correction of NOK 4 994,27 was made in the account for 2014.

COST-BENEFIT ANALYSIS FOR THE EXPORT CREDIT SCHEME 2014 – THE EXPORT CREDIT SCHEME

The 2014 cost-benefit analysis has largely been drawn up under the same principles as the cost-benefit analyses for previous years. A small change has been made compared to the cost-benefit analysis for 2013. Whereas previously the total duration of the loans was calculated (from disbursement to the final repayment date), in 2014 the remaining duration has been calculated (from 1 January 2014 until repayment). In the company's view, the latter approach is more correct.

The structure of the cost-benefit analysis is based on the following technical assumptions:

- The State's funding cost is set at the beginning of the year for which the cost-benefit analysis is to be calculated. 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 funding 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, calculated 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 funding. 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.
- The administration costs equal the amount of the grant Export Credit Norway receives from the government in order to run the export credit scheme.

The cost-benefit analysis for 2014 shows a drop in profits compared to 2013, despite a material increase in the size of the lending portfolio. This profit development is due to market changes. Generally speaking, funding costs, particularly in NOK and USD, have increased, while anticipated financial revenues (weighted CIRR interest rates and lending margins in addition to IBOR), have fallen. This is due to market conditions. The negative effects are offset somewhat by lower-than-expected NOK exchange rates, which are boosting interest revenues in NOK from loans in foreign currencies.

CIRR LOANS

All amounts in NOK '000	NOK	USD	GBP	EUR
Weighted CIRR interest rate	3.11 %	2.83 %	3.19 %	3.31 %
Funding cost	2.26 %	1.79 %	1.69 %	1.31 %
FX swap	0.00 %	0.04 %	0.04 %	-0.05 %
Administration costs	0.15 %	0.15 %	0.15 %	0.15 %
Funding cost incl. administration costs	2.41 %	1.98 %	1.88 %	1.41 %
Net interest margin	0.69 %	0.86 %	1.31 %	1.90 %
Average portfolio – foreign currencies	14,513	1,477	28	45
Average portfolio – NOK	14,513	9,716	301	392
Net interest income	101	83	4	7
Loss provisions (2 bp)	3	2	0	0
Net interest income less loss provisions	**98**	**81**	**4**	**7**
Total net interest income CIRR loans	**190**			

MARKET LOANS

All amounts in NOK '000	NOK 3 M NIBOR	6 M NIBOR	GBP 6 M LIBOR	USD 3 M LIBOR	6 M LIBOR	EUR 3 M EURIBOR	6 M EURIBOR
Weighted average margin over IBOR	0.94 %	1.01 %	1.38 %	1.17 %	0.96 %	0.25 %	0.82 %
NOK Swap spread	-0.54 %	-0.54 %	-0.54 %	-0.54 %	-0.54 %	-0.26 %	-0.26 %
FX Swap			0.06 %	0.06 %	0.06 %	0.02 %	0.02 %
Basis Swaps (3M vs 6M)		-0.10 %	-0.10 %		-0.10 %		-0.10 %
Swap spread IBOR	**-0.54 %**	**-0.64 %**	**-0.58 %**	**-0.48 %**	**-0.58 %**	**-0.24 %**	**-0.33 %**
Administration costs	0.15 %	0.15 %	0.15 %	0.15 %	0.15 %	0.15 %	0.15 %
Funding cost incl. administration costs	**-0.39 %**	**-0.49 %**	**-0.43 %**	**-0.33 %**	**-0.43 %**	**-0.09 %**	**-0.18 %**
Net interest margin	**1.33 %**	**1.49 %**	**1.81 %**	**1.51 %**	**1.39 %**	**0.34 %**	**1.00 %**
Average portfolio – foreign currencies	814	7,862	23	1,820	878	33	87
Average portfolio – NOK	814	7,862	247	11,976	5,778	285	748
Net interest income	11	117	4	180	80	1	7
Loss provisions (2 bp)	0	1	0	2	1	0	0
Net interest income less loss provisions	**11**	**116**	**4**	**178**	**79**	**1**	**7**
Total net interest income market loans	**396**						

	01.01 - 31.12.14	01.01 - 31.12.13
Total net interest income	**586**	**701**
Fee income	48	62
Total income	634	763
Administration costs	101	105
Result for the export credit scheme	**533**	**658**

The following maturities and exchange rates have been used in the calculations for 2014:

	NOK	USD	GBP	EUR
Average maturity (CIRR)	5 years	6 years	5 years	8 years
Average maturity (market)	2 years	2 years	2 years	1 year
Exchange rate (average)	-	6.5794	10.7338	8.6142

Visiting address
Hieronymus Heyerdahls gate 1
5th floor, 0160 Oslo,
Norway
Entrance from Otto Sverdrups gate

Phone: + 47 22 31 35 00
www.eksportkreditt.no

Postal address
Export Credit Norway AS
P.O. Box 1315 Vika
0112 Oslo, Norway