EKSPORTKREDITT
Export Credit Norway

Annual report
2016

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KEY FIGURES 2016

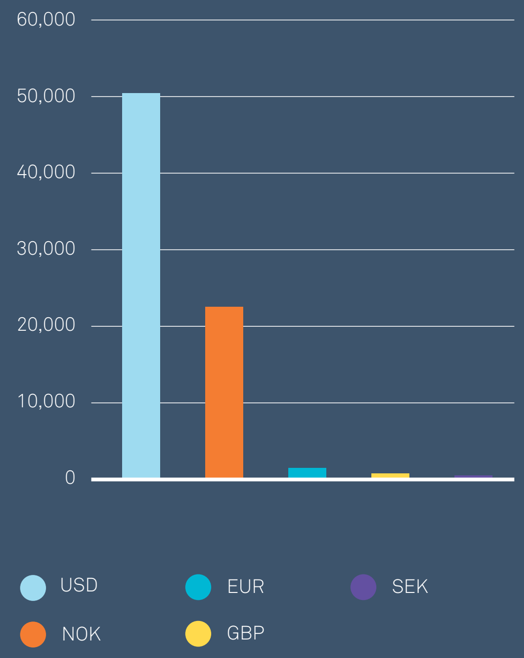
76,505
Total lending balance (MNOK)

17,198
Probability-adjusted order book (MNOK)

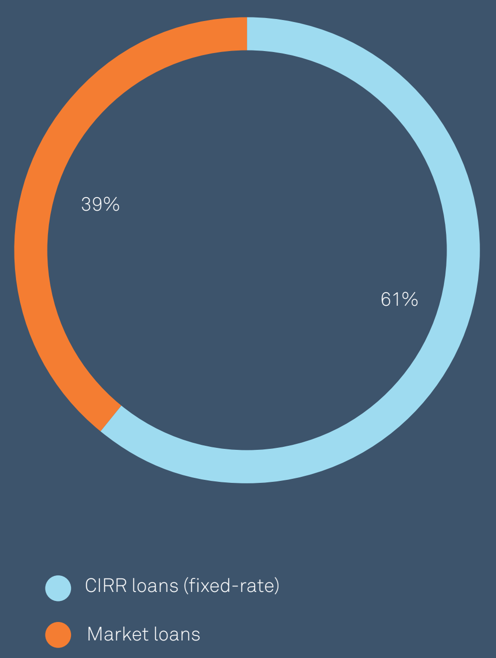
209,143
Application volume (MNOK)

278/67
Loan applications received/number of countries

LENDING BALANCE – CURRENCY DISTRIBUTION MNOK



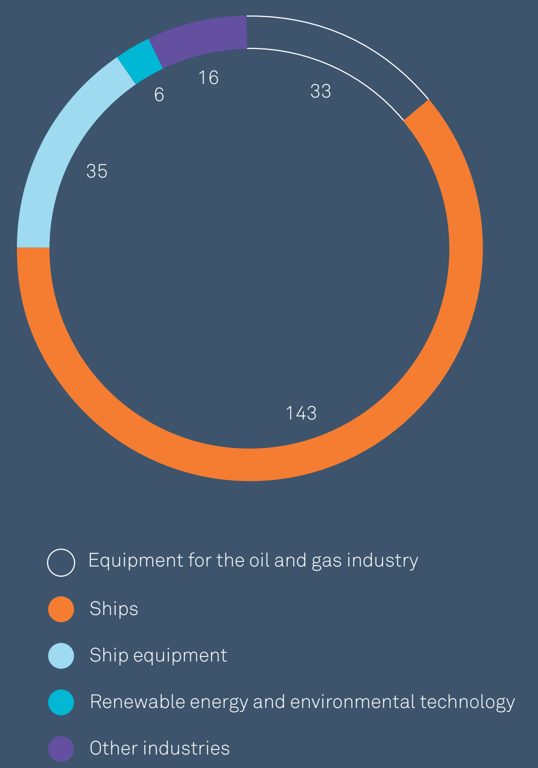
LENDING BALANCE - DISTRIBUTION BY INTEREST RATE



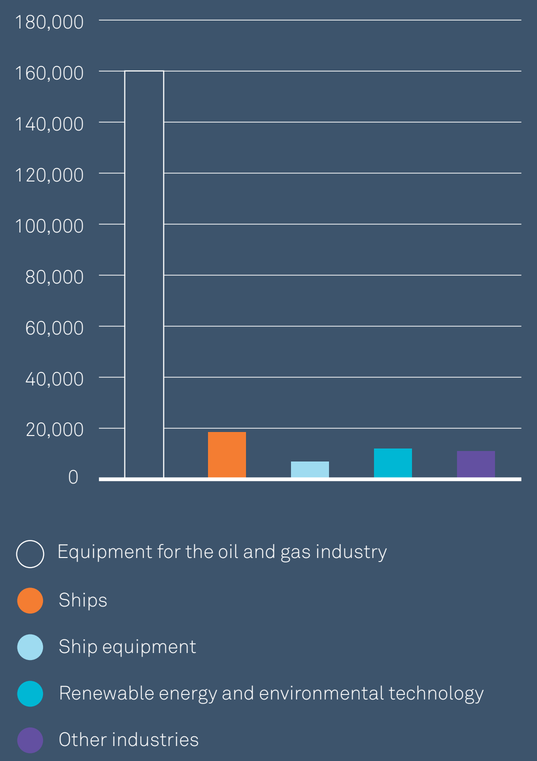
LENDING BALANCE BY INDUSTRY

MNOK	
Equipment for the oil and gas industry	23,938
Ships	47,648
Ship equipment	3,430
Renewable energy and environmental technology	1,047
Other industries	443
Total	**76,505**

NUMBER OF LOANS BY INDUSTRY



APPLICATION VOLUME BY INDUSTRY MNOK



DISTRIBUTION OF LENDING BALANCE BETWEEN CIRR* LOANS AND MARKET LOANS

MNOK	
CIRR loans	46,749
Market loans	29,756
Total lending balance	**76,505**

**CIRR = Commercial Interest Reference Rates*

Totals in tables and figures may vary due to rounding.

Restructuring has become the new norm

Many Norwegian businesses had to deal with challenging market conditions in 2016. Reorientation and restructuring are expected to remain necessary for some time to come. At the same time, high competitiveness and flexibility help Norwegian companies to realise opportunities and grow.

The downturn in the oil and gas industry is slowing. The industry is correcting for the overestablishment observed three to four years ago, and oil companies are implementing processes to improve efficiency. Oil prices have been relatively stable since November 2016, facilitating sustainable execution of new projects and increased maintenance. However, the market cannot be expected to show clear signs of improvement until late 2018 at the earliest. The industry still faces the challenge of refocusing on new markets and segments, and must target international markets to build a stronger foundation for activity. Many larger companies are doing this effectively; the task is more difficult for small and medium-sized businesses (SMBs).

The shipyard industry has demonstrated the ability to shift focus onto new customer segments and ship types within a relatively short space of time. Norway has become a leading designer and builder of specialist ships, despite the fact that many have predicted the rapid demise of this industry for the past 40 years. In recent years, several yards have won contracts for the construction of, for example, passenger vessels, service ships for the offshore wind power industry and fishing boats. The industry is thus demonstrating its vitality, and proactively taking on the challenge of restructuring. Suppliers of equipment for the offshore and shipbuilding industries are important players in Norway's maritime cluster. They will secure substantial activity and growth opportunities both domestically and abroad through their ongoing restructuring efforts.

However, the geopolitical situation is fairly unpredictable. The new leadership of the USA is creating uncertainty about international trade agreements and organisations responsible for global security and cooperation. Security policy challenges also exist in the Middle East and in the relationship between the West and Russia. These developments may create challenges for Norway, but may on the other hand also provide significant opportunities.

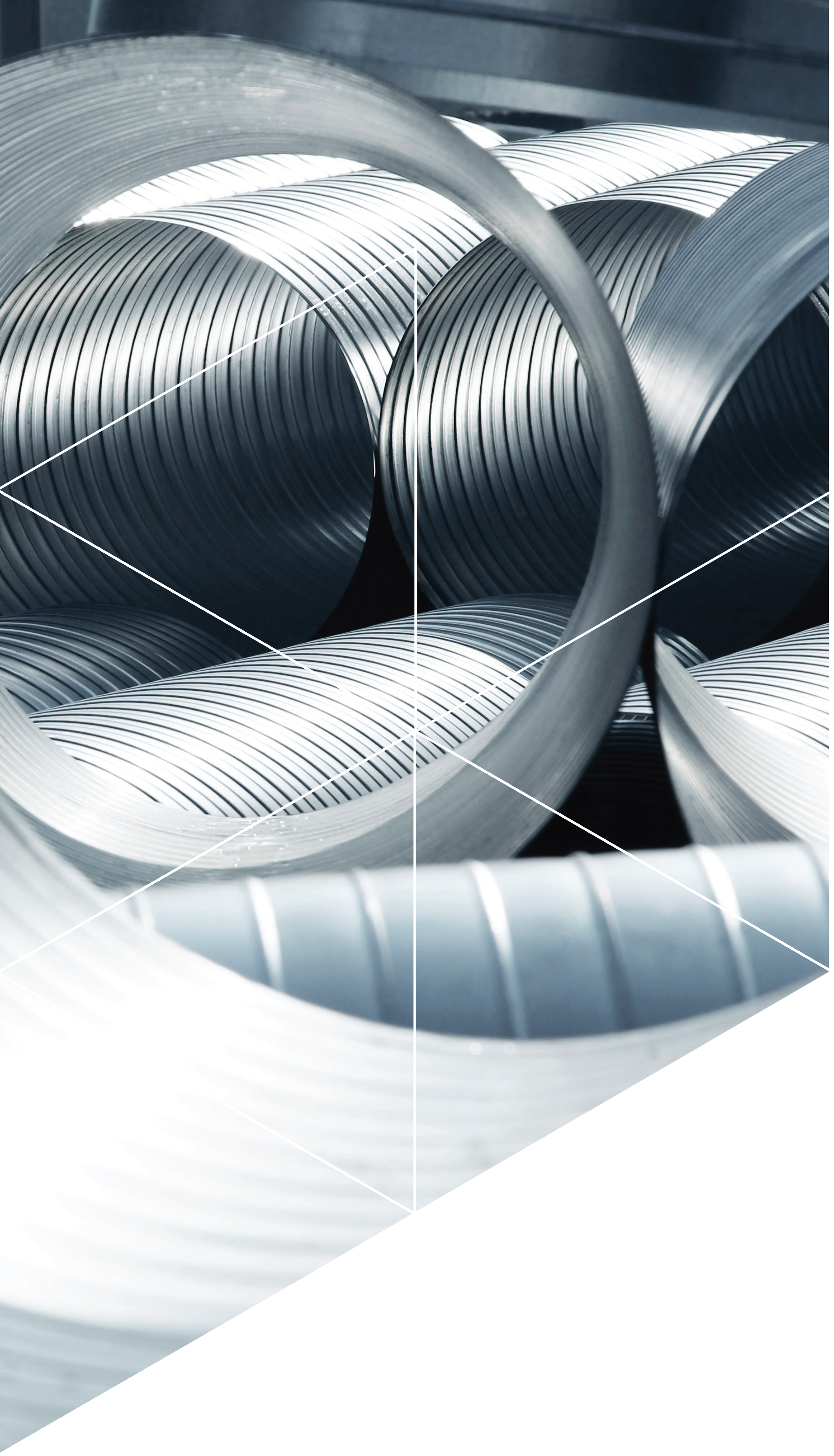
The international situation is creating difficulties for exporters, and risk reduction is therefore important for businesses aiming to enter new markets. The re-establishment of relations between Norway and China is a highly positive development for Norwegian exporters, and will provide new opportunities in the longer term. Similar progress can be observed in Iran and Russia, and there is reason to believe that Norwegian businesses will also benefit from new opportunities in Brazil. Norway possesses the resources, expertise and competitiveness required to capitalise on the potential in these markets. The question is how Export Credit Norway can help secure new opportunities for SMBs outside Norway's borders.

Despite positive framework conditions, we have observed a year-on-year decline in exports from non-oil and gas industries. In 2016, Norwegian non-petroleum exports totalled approximately NOK 700 billion, with some 60 per cent of this volume going to neighbouring markets in Europe. However, Norwegian businesses also successfully exported around 20 per cent of the total to Asia, and 15 per cent to the American continents. This is an indicator of a strong foundation for further growth in the Norwegian export market. It is crucial that we adopt the right strategy and create the right conditions for both SMBs and larger market participants.

Export Credit Norway also restructured in 2016. The organisation has been streamlined, processes have been optimised and cooperation with other policy instruments has been improved further. The company has reinforced its expertise and capacity in the areas of market analysis, customer advice and project execution. During the course of the year, we implemented a new customer-service model and new digital communications strategy to simplify interactions with the market.

We have registered an increasing number of applications relating to projects in developing countries and emerging economies, and see that both larger and smaller businesses are penetrating such markets successfully. We are expanding and improving utilisation of our product portfolio both to ensure that we can support the various initiatives presented to us and to give Norwegian businesses access to an even greater range of instruments. Export Credit Norway is making targeted efforts to ensure that export financing remains an important tool for Norwegian exporters pursuing further profitable growth in export markets.

Otto Søberg
Chief Executive Officer
Export Credit Norway



2 Introduction to the company and headline figures

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

Export Credit Norway's business is regulated by the Act relating to Eksportkreditt Norge AS (the Export Credit Act) and the Export Credit Regulations. Together with the OECD Arrangement on Officially Supported Export Credits[1] and its subsidiary agreements, the Regulations determine which contracts may be financed and the terms included in loan agreements.

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-rate loans made in accordance with the OECD Arrangement on Officially Supported Export Credits. The company's credit guidelines state that all loans must be 100 per cent guaranteed by state export guarantee agencies and/or financial institutions with solid credit ratings. All loans are recorded in the central government balance sheet, and the Norwegian State is liable for the obligations the company incurs in connection with its lending activities. The company advises its customers on all aspects of the financing process, including sales and marketing of products and services, application processing, commitments, the 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 credit scheme in accordance with the requirements laid down by the authorities. Central government requires that the export credit scheme's cash flow is kept separate from the operations of Export Credit Norway. This is achieved by linking cash flow from the export credit scheme directly with the State's group accounts system, which is administered by Norges Bank (the central bank of Norway). The accounts of the export credit scheme are presented as part of the central government accounts.

2.1. HEADLINE FIGURES

At the end of 2016, Export Credit Norway's lending balance totalled NOK 76.5 billion. During the course of the year, the company received a total of 278 applications representing a combined application volume of NOK 209.1 billion. In comparison, the company received 275 applications amounting to an application volume of NOK 120.1 billion in 2015. Export Credit Norway calculates a probability-adjusted order book, which is the company's best estimate of future loan disbursements linked to received loan applications. The probability-adjusted order book amounted to NOK 17.2 billion as at 31 December 2016, compared to NOK 21.3 billion as at the same date in 2015.

[1] The Arrangement on Official Supported Export Credits regulates the terms and conditions that may be offered. The arrangement also encompasses sectoral agreements containing special terms for projects related to renewable energy and climate technology, coal-fired power stations, aircraft, trains, nuclear energy and ships.

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The company received NOK 1,711 million in interest income from its lending activities in 2016, as well as NOK 20 million in fee income. Repayments amounted to NOK 8.9 billion. The 2016 financial result for lending activities was NOK 776 million excluding the State's borrowing costs and operating and investment grants to Export Credit Norway.

The company received NOK 100.8 million in operating and investment grants from central government in 2016, of which NOK 100.6 million was recorded as income. The operating expenses excluding depreciation totalled NOK 103.2 million, and primarily comprised wage costs, administrative costs and purchases of external services. In 2016, Export Credit Norway made a provision for the payment of compensation in connection with the discontinuation of its defined-benefit pension scheme for income below 12 times the public pension base rate (12 G). The old scheme was closed on 31 December 2016, and a new defined-contribution pension scheme took effect for all employees as of 1 January 2017. The company also executed several planned strategic projects with defined timelines. These factors affected the annual result for 2016, which was a loss of NOK 2.2 million after tax, compared to a post-tax profit of NOK 1.1 million in 2015. The company has a strong equity position and little exposure to financial risk.

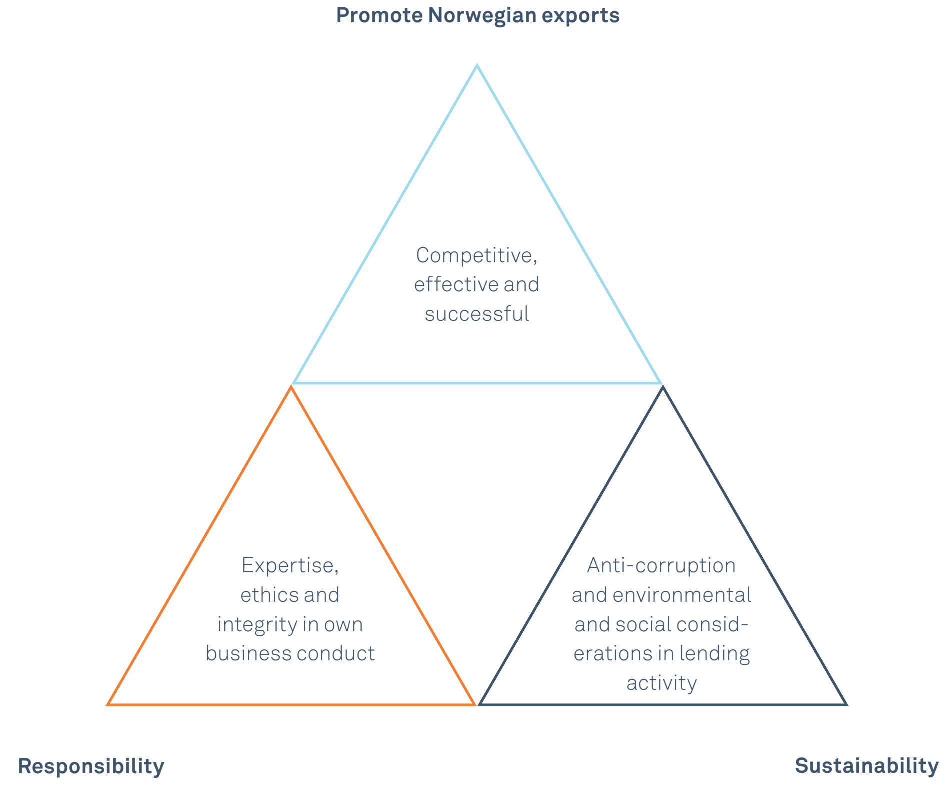
2.2 EXPORT CREDIT NORWAY'S PUBLIC MANDATE AND CORPORATE SOCIAL RESPONSIBILITY

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

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

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

FIGUR 1 – EXPORT CREDIT NORWAY'S PUBLIC MANDATE AND CORPORATE SOCIAL RESPONSIBILITY



Promoting Norwegian exports

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

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

COMMON APPROACHES
Export Credit Norway applies the OECD's "Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence" (the Common Approaches). These are the OECD's guidelines on assessing and following up on environmental and social conditions in projects for which member states provide officially supported export financing. The aim is to promote a responsible approach to environmental and social risks in projects funded by means of export credits. Cooperation within the OECD has the objective of supporting competition on equal terms, rather than at the expense of environmental and social considerations.

EQUATOR PRINCIPLES
Export Credit Norway has also adopted the Equator Principles – guidelines adopted by major international banks on the safeguarding of environmental and social conditions in projects they fund. Through the ten principles in the guidelines, the banks have committed to conduct adequate risk analysis to define, evaluate, manage and monitor environmental and social risk in projects for which they provide financing. The Equator Principles are a set of voluntary guidelines on project financing that are largely based on guidelines issued by the World Bank's body for project cooperation with the business sector, the International Financial Corporation (IFC). The Equator Principles can be regarded as an international responsible lending standard. Export Credit Norway adopted the principles in 2014.

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

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

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

[3] See fact box.

2.3. **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 board chair Else Bugge Fougner, Siri Beate Hatlen, Ingelise Arntsen, Finn Ivar Marum, Øyvind Holte, Fanny Fabricius Bye (employee-elected representative) and Jørgen Hauge (employee-elected deputy representative and observer). Ingelise Arntsen and Øyvind Holte were elected board members in May 2016, replacing Trude Husevåg and Arild Vik. All board members are independent.

Else Bugge Fougner
(b. 1944) has served as board chair since June 2012. She holds a law degree from the University of Oslo. Bugge Fougner is an attorney admitted to the Supreme Court and of counsel at Hjort law firm. She is a former Minister of Justice and has considerable board experience from service at a number of major Norwegian companies. Bugge Fougner serves as the board chair at Kommunalbanken AS and as a member of the liquidation boards of Aberdeen Eiendomsfond Norden/Baltikum ASA and Aberdeen Eiendomsfond Norge II ASA. She is also a board member at Aker Kværner Holding AS and Protector Forsikring ASA. She participated in 15 board meetings in 2016.

Siri Hatlen
(b. 1957) has been a board member since June 2012. She has a master's degree from the Norwegian University of Science and Technology and an MBA from INSEAD. Hatlen serves on the boards of such organisations as the Nobel Peace Center, Entra ASA, Telenor ASA and Bane NOR SF, and is on both the technology council and joint board of the Norwegian University of Life Sciences. Hatlen was formerly the managing director of Oslo University Hospital and an executive vice president at Statkraft AS. She has also held various positions at Statoil ASA. Hatlen participated in 11 board meetings in 2016.

Finn Ivar Marum
(b. 1967) has been a board member since June 2012. He holds a master of international affairs degree from Columbia University. Marum is a division head for direct investments at Norfund. Marum holds board positions at Nortek AS, Formuesforvaltning aktiv forvaltning and African Century Infrastructure Services. He was previously a senior partner at the investment company HitecVision, and has experience from Kistefos AS, Ernst & Young AS and Statoil ASA. Marum participated in 14 board meetings in 2016.

Ingelise Arntsen
(b. 1966) has been a board member since May 2016. She was educated at the South Denmark Business School. Arntsen is an EVP at Aibel AS, with responsibility for the Renewables business area. She has extensive management experience from various energy companies, including Statkraft, REC ASA, Sway Turbine AS and Sogn og Fjordane Energiverk. She also spent seven years in the shipbuilding industry, working for Kværner Fjellstrand in Hardanger and in Singapore. Arntsen is a board member of Nammo AS. She participated in seven board meetings in 2016.

Øyvind Holte
(b. 1949) has been a board member since May 2016. He has a business degree from the Norwegian School of Economics and an MBA from the University of California, Berkeley. Holte has had his own consultancy firm since February 2016, and additionally serves on the boards of Northcape Capital AS, TS Shipping Invest AS and Stiftelsen Domkirkeboligene, among others. Holte has experience from various financial institutions and shipping and industrial companies, most recently as managing director and head of the Norwegian market for DVB Bank. His previous board experience includes service as a board member at Oslo Børs. Holte participated in nine board meetings in 2016.

Fanny Fabricius Bye
(b. 1972) (employee-elected representative) has been a board member since June 2016. She holds a master's degree in international relations from the Graduate Institute of International Relations in Geneva. At Export Credit Norway, Bye works as a project manager in the Project and Loan Administration department, and is responsible for corporate social responsibility and sustainability efforts. Bye participated in 10 board meetings in 2016.

Jørgen Hauge
(b. 1959) (employee-elected deputy representative and observer) has been a board member since November 2012. He has an economics degree, as well as an MBA from the Norwegian School of Economics. He serves as a technical specialist in the group for at-risk loans at Export Credit Norway. He previously worked at Eksportfinans ASA and has additional experience from the Financial Supervisory Authority of Norway. Hauge participated in 15 board meetings in 2016.

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2.4. EXECUTIVE MANAGEMENT AND ADMINISTRATION

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

Otto Søberg
(b. 1957) is Export Credit Norway's CEO. Søberg has more than 30 years' executive experience from export-focused industries, as well as broad board experience from various exporters and trade organisations.

Eli Skrøvset
(b. 1965) is Export Credit Norway's CFO. She holds an economics degree from the Norwegian School of Economics and has extensive energy-sector experience. Skrøvset was previously Finance Director and CFO at Statkraft, and also has experience from the Ministry of Petroleum and Energy. Skrøvset is a board member of E-CO Energi Holding AS og Avinor AS.

Olav Einar Rygg
(b. 1961) 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, as well as from 1 July to 1 December 2016. Rygg holds an economics degree from the Norwegian School of Economics and has previous experience from the Norwegian Armed Forces, Den norske Hypotekforening, ABB and various executive positions at Eksportfinans ASA, most recently that of Director of Lending.

Ivar Slengesol
(b. 1974) is Export Credit Norway's EVP Director of Lending – Industry and Renewable Energy. Slengesol holds an MBA from IMD International (Switzerland), an MA in international politics and economics from Johns Hopkins University School of Advanced International Studies (SAIS) (USA) and a BA in journalism from the University of South Carolina (USA). Slengesol's previous posts include those of Business Development Director at Eksportfinans ASA and CEO at OceanWind AS, as well as various executive positions at Shell and the World Bank, based in the Netherlands, France and the USA.

Marie Sørli
(b. 1975) has led the company's Project and Loan Administration department since 1 February 2016, in the absence of Head of Project and Loan Administration Jostein Djupvik. Sørli holds an economics degree from the Norwegian School of Economics and has previous experience from Eksportfinans ASA, Deloitte Consulting and the Ministry of Petroleum and Energy.

Tobias Hvinden
(b. 1969) is Export Credit Norway's Legal Counsel – Head of Legal. He has a law degree from the University of Oslo and a bachelor's degree in business from the University of Colorado at Boulder, USA. Hvinden has previously worked for Eksportfinans ASA as in-house counsel and head of legal and compliance. He has also practised law at the law firms Kvale Advokatfirma DA and Advokatfirmaet Grette DA.

Ellen B. Svaheim (on leave)
(b. 1975) is the company's Head of Communications.[4] She holds an economics degree from Copenhagen Business School (CBS)/ Bodø University College and has additional qualifications in communications and graphic design. Svaheim has previously worked in the communications departments of Eksportfinans ASA and Canon Norge, as well as for Gyro Marketing and Norges Bank Investment Management.

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At the end of 2016, Export Credit Norway had a total of 48 employees. The majority of the company's staff are economists and lawyers.

[4] Ellen B. Svaheim was on leave as of 31 December 2016

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3 Promoting Norwegian exports

Export Credit Norway and Norway at a time of restructuring

As in 2015, the oil and gas supplier industry faced difficult market conditions in 2016. New customers had to be won, often in new markets. Other Norwegian export sectors were able to strengthen their position during the year due to the depreciation of the Norwegian krone against other currencies. These macro-changes also influenced Export Credit Norway's activities and application numbers in 2016. The company prepared a new strategy plan in 2015, which was implemented in 2016. The purpose of the plan was to meet the needs of both large exporters, particularly in the oil and gas industry, and exporters experiencing positive development during the year. By refining its strategy plan, Export Credit Norway aimed to raise awareness of – and introduce – sales and business tools to support proper prioritisation of its resources. The following priorities were identified as the most important for 2016:

Sales management and advisory role
– Make the scheme known to relevant exporters and ensure that it is used to secure export contracts. Learn from best practice in the areas of sales and marketing, and thereby standardise and optimise exporter and borrower follow-up. Develop integrated market and financing understanding and provide customers with information and guidance at the right level and at the right time.

Marketing channels and digitisation of marketing work
– The right marketing channels, strong marketplaces and use of technology to reach potential and existing customers; simplify and operate more effectively.

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

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

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

All projects were completed in 2016 or will conclude in 2017. Many of the projects have generated changes in day-to-day operations, including more systematic and standardised follow-up of exporters and borrowers. The company has also improved its digital marketing channels and executed pilot projects with exporters to increase awareness and the accessibility of the company's products. There was also close cooperation with other policy instruments, particularly GIEK and Innovation Norway, in 2016. The agencies conducted joint customer visits to learn more about the needs of Norwegian exporters and provided information about available products and services.

Effective, accessible and competitive Norwegian export financing at a time of restructuring

Towards the end of 2016, Export Credit Norway adopted a new strategy plan that builds on the strategy plan adopted in 2015. The revised plan lays down the following strategic direction:

Reinforced sales/marketing/customer dialogue

– Export Credit Norway will engage more closely with new exporters, and improve its customer dialogue. Implementation of the sales management and advisory role project will make products accessible through more channels. Digital solutions are key in this regard.

Transactional excellence

– Export Credit Norway will pursue activities and projects with the aim of improving the efficiency of lending procedures and adapting its organisational structure to current market conditions. The overarching aim is to create a simplified process and improve product awareness among existing and potential customers and partners.

The new strategy plan largely continues the plan adopted in 2015, although some priorities have been adjusted.

3.1. COMPETITIVE EXPORT FINANCING

3.1.1. Guiding principles

Export Credit Norway aims to provide competitive export financing. In this context, "competitive" means that Norway's officially supported export credits must be offered on terms as favourable as those available in competing countries, subject to compliance with international agreements. The company is also mandated to support the ongoing development of the international regulatory framework in cooperation with the Ministry of Trade, Industry and Fisheries, and to function as a specialist adviser 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

3.1.2. Work conducted and results achieved in 2016

Export Credit Norway's lending-related marketing targets both the Norwegian exporters and Norwegian and international borrowers. The Norwegian offshore oil and gas supplier industry continued to face challenging market conditions in 2016 as a result of reduced investment and activity across the sector. Throughout the year, Export Credit Norway worked actively with relevant suppliers in the sector, including through a strategic initiative to market credit facility agreements that facilitate sales of Norwegian technology and services to large international oil service suppliers and oil companies.

TABLE 1 - PERCENTAGE SHARE OF LENDING BALANCE BY SEGMENT, AS AT 31 DECEMBER 2016

SEGMENT	233	76,505	100%
Industry segment	**Number of loans**	**Lending balance (MNOK)**	**Relative share of lending balance**
Construction ships	31	17,808	23.28%
Drilling ship equipment	15	15,215	19.89%
Other offshore-related ships	23	10,900	14.25%
Platform supply vessels (PSVs)	57	10,152	13.27%
Anchor-handling tug supply (AHTS) ships	29	7,943	10.38%
Semi-submersible platform equipment	11	6,872	8.98%
Equipment for other ships	13	1,544	2.02%
Other oil and gas equipment	5	978	1.28%
Jack-up equipment	2	873	1.14%
Equipment for other offshore-related ships	7	816	1.07%
Ferries	1	560	0.73%
Equipment for solar energy projects	1	438	0.57%
Offshore wind power vessels	4	342	0.45%
Wellboats	2	286	0.37%
Anchor-handling tug supply (AHTS) equipment	2	276	0.36%
Equipment for wind power projects	1	267	0.35%
Platform supply vessel (PSV) equipment	4	251	0.33%
Construction ship equipment	1	231	0.30%
Energy and electricity development	1	199	0.26%
Wellboat equipment	3	158	0.21%
Ferry equipment	4	134	0.18%
Aquaculture equipment	5	134	0.18%
Other industry	7	91	0.12%
Fishing boat equipment	1	19	0.03%
Infrastructure	1	16	0.02%
ICT	2	2	0.002%

In 2016, Export Credit Norway saw a shift in the focus of applications, from drilling ships and rigs to projects involving FSRUs, FPSOs[5], subsea technology and field development. A similar trend was observable in the maritime sector, with an increased emphasis on non-offshore sectors. Export Credit Norway designs its outreach marketing activities to stay ahead of these developments, and in 2016 gave priority to targeting growth sectors such as merchant shipping,[6] cruise ships, fisheries and aquaculture.

More borrowers in the offshore segment are experiencing financial challenges due to market developments. In its capacity as lender, Export Credit Norway has monitored affected companies in close consultation with the loan guarantors. Robust, close follow-up of borrowers in financial difficulty was a priority throughout 2016. With regards to mainland businesses – which are primarily involved in small and medium-sized export contracts[7] – Export Credit Norway continued to market its SMB solution[8] actively, including

[5] Floating Storage Regasification Unit / Floating Production Storage and Offloading units.
[6] This segment includes merchant ships, cruise ships and ferries (carriage of goods or passengers).
[7] Export contracts valued at less than NOK 100 million.
[8] The new SMB solution was launched at the end of 2014.

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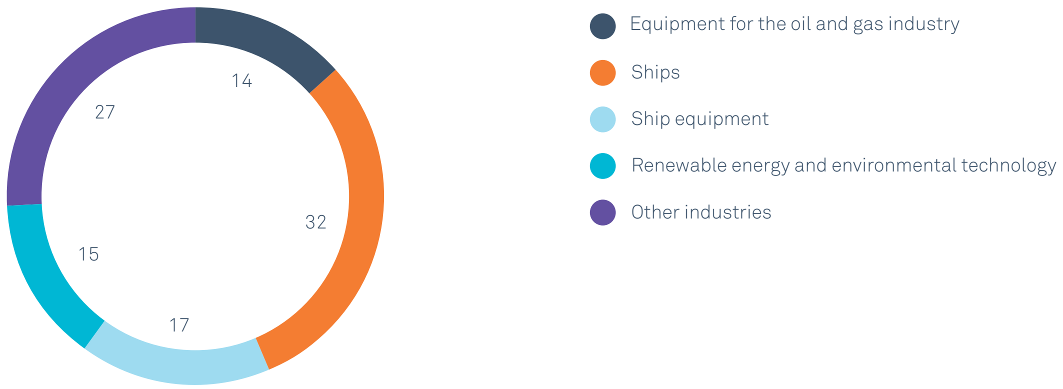
FIGURE 2 - PROBABILIY-ADJUSTED ORDER BOOK BY INDUSTRY, AS AT 31 DECEMBER 2016 (NUMBER OF LOANS)

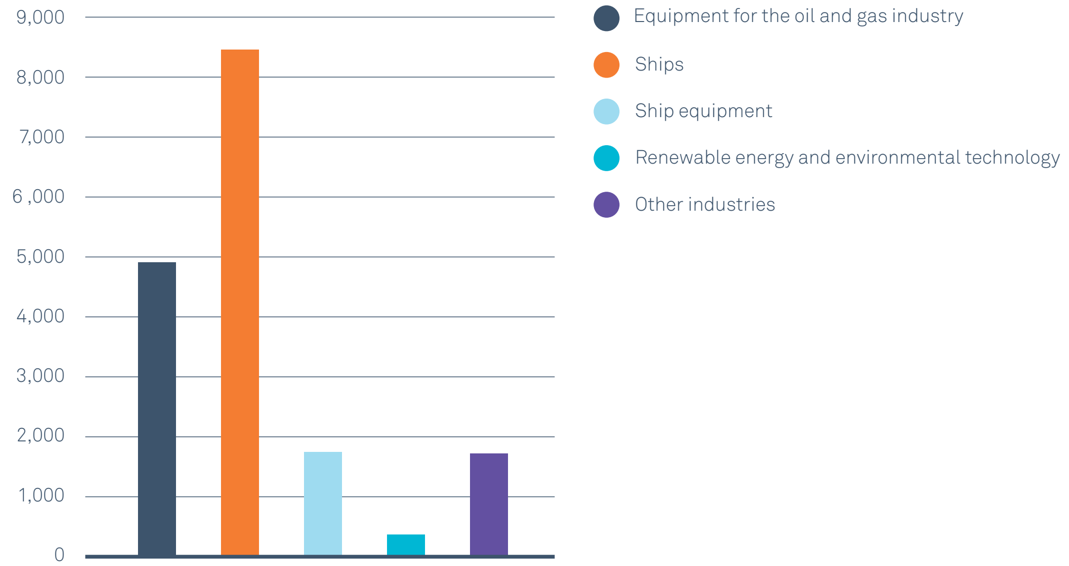


though customer events in Norway and abroad. Customer segments are fragmented, with few relevant exporters in individual segments. Segment trends are therefore less clear, but Export Credit Norway has helped individual businesses that previously delivered primarily to the oil and gas industry to secure contracts in new customer segments. The company is also working on financing arrangements for a number of larger contracts (totalling several hundred million kroner or more). As a result, the probability-adjusted order book for the industry and environmental technology sector almost doubled from 2015 to 2016, and has increased more than seven-fold from 2013 to 2016.

During the course of the year, the company received a total of 278 applications representing a combined application volume of NOK 209.1 billion. In comparison, the company received 275 applications amounting to an application volume of NOK 120.1 billion in 2015. New disbursements relating to equipment for the oil and gas industry totalled NOK 1.7 billion in 2016, down from NOK 7.7 billion in 2015. In the ship and ship equipment sector, the disbursement total was NOK 8.1 billion, compared to NOK 9.1 billion the previous year. The disbursement volume for the industry and environmental technology sector fell from NOK 1.2 billion in 2015 to NOK 280 million in 2016

The probability-adjusted order book for maritime industries and oil and gas equipment has suffered a general decline. The probability-adjusted oil and gas order book totalled NOK 4.9 billion at year-end 2016, compared to NOK 7.0 billion at the end of 2015. The decline is due to factors such as cancellations and postponement of projects in the maritime offshore market, and to a significantly reduced

FIGURE 3 – PROBABILITY-ADJUSTED ORDER BOOK BY INDUSTRY, AS AT 31 DECEMBER 2016 (MNOK)



completion probability for several projects in Brazil. The ship and ship equipment probability-adjusted order book amounted to NOK 10.2 billion as at 31 December 2016, compared to NOK 13.1 billion one year previously. The probability-adjusted order book for the industry and environmental technology sector grew in 2016, from NOK 1.2 billion in 2015 to NOK 2.1 billion as at year-end 2016. Expected disbursements linked to the probability-adjusted order book are forecast to total approximately NOK 8 billion in 2017.

Customer survey results

In 2016, for the fourth year running, Export Credit Norway conducted customer surveys as part of its internal performance evaluation. Menon Economics also conducted a joint customer survey of borrowers and exporters on behalf of Export Credit Norway and GIEK[9] in 2016. Customer surveys allow Export Credit Norway to measure customer satisfaction. The surveys show that target groups are generally highly satisfied with Export Credit Norway. On a scale from 1 to 5, where 5 is the best score, Export Credit Norway averaged 4.5 points as regards customers' overall impression of the company. The surveys also show that Export Credit Norway plays an important role in the promotion of Norwegian exports:

- Half of respondents stated that Export Credit Norway and GIEK are important or very important for their industry. It was also stated that Export Credit Norway plays an important role because it is more stable than normal banks. This finding is linked particularly to current challenging market conditions.

[9] See footnote 10 for explanation.

TABLE 2 – CALCULATION OF ADDITIONALITY (SOURCE: MENON ECONOMICS)

Would the same contract have been realised if GIEK and Export Credit Norway had not provided the guarantee and loan?	Proportion of total cases	Number of disbursements
Yes, probably realised on the same scale and with the same timetable	6%	3%
Yes, probably realised on the same scale but at a later date	12%	2%
Yes, probably realised on a smaller scale but with the same timetable	6%	13%
No, the contract/sale would probably have been cancelled	26%	4%
No	50%	78%
Total	**100%**	**100%**

- The customer surveys show that total loan costs are the primary reason why customers chose to use Export Credit Norway. This is also confirmed by feedback on the company's competitiveness: some 95 per cent of respondents considered that Export Credit Norway's terms were as competitive as or more competitive than those offered by banks and other private financial institutions.

- Export Credit Norway scores highly on its understanding of its customers' businesses and financial needs. The surveys show that the company's repayment plan and flexibility in view of customers' financial needs are important reasons for choosing the company's services.

- Export Credit Norway and GIEK have helped to improve conditions for multiple customers in different ways. In particular, 84 per cent of respondents stated that the two agencies make a significant or partial contribution to increased profitability by reducing costs and/or boosting revenues. This helps improve exporter competitiveness.

- Eight out of 19 respondents also stated that Export Credit Norway and GIEK have made a significant or partial contribution to product and process innovation. In addition, the agencies were said to reduce risk and expand export markets.

- Customers were also generally satisfied with Export Credit Norway's accessibility and communications. However, several respondents stated that documentation processes could be wide-ranging and demanding, and therefore sometimes slower than the processes of commercial banks.

TABLE 3 – EXPORT CREDIT NORWAY'S ADDITIONAL EFFECT ON NORWEGIAN BUSINESSES IN 2016

	Direct effect	Indirect effect	Total
Increased exports	NOK 7.2 billion		
Employment (jobs)	800	2,660	3,460
Value creation	NOK 750 million	NOK 3 billion	NOK 3.7 billion

82

82 øre of additionality per disbursed krone

- One respondent who had used Export Credit Norway's services for the first time expressed high satisfaction with the company's service level and terms, and a desire to use the company again in future. The respondent also stated that its positive experience increased the likelihood that it would select Norwegian suppliers again in future.

Additionality

Menon Economics has quantified the importance of Export Credit Norway's contribution to the promotion of Norwegian exports by calculating "additionality".

Additionality measures the probability that a contract/sale would have been completed if Export Credit Norway had not granted a loan. The additionality estimate is based on the customer surveys conducted on behalf of Export Credit Norway and GIEK.[10] The respondents were asked about the combined effect of the two agencies' services. Accordingly, the effect of Export Credit Norway's activities cannot be isolated, and it is likely that GIEK's guarantees account for some of the calculated additionality. However, Menon Economics' calculation only includes cases in which Export Credit Norway was involved, irrespective of the guarantor.

An average additionality estimate is calculated based on responses received from both exporters and customers. Both groups are heavily involved in contract negotiations and purchase decisions, and are thus able to assess additionality reliably. Using both groups produces a more robust estimate. The exporter and customer groups are weighted

[10] It is important to note that the additionality figures for Export Credit Norway and GIEK cannot be totalled, since a number of transactions are included in both figures. Due to this overlap, the combined additionality of the two agencies exceeds 100 per cent.

equally in the additionality estimate.

In total, Menon Economics interviewed 21 persons in relation to 17 of Export Credit Norway's 19 different application processes. Menon thus interviewed persons involved in 89 per cent of all cases disbursed by the company in 2016. This represented 94 per cent of Export Credit Norway's total disbursements volume during the year. The respondents included 14 borrowers and seven exporters. The interviews were conducted by telephone to ensure the highest possible response rate. This approach also permitted greater differentiation of the responses received than would have been possible with a questionnaire, and reduced the risk of misunderstandings.

Export Credit Norway's additionality is very high, and has been calculated by Menon based on the respondents' replies and their estimates of the value added to contracts by the company's involvement.

An estimated 82 øre of every one krone of exports financed by Export Credit Norway would not have been realised without the assistance of the company and GIEK.

Specifically, this means that the transactions in question would not have been completed without the involvement of the two agencies, or that the contracts would have been worth less. Some of the contracts would also have taken longer to execute.

The table on page 22 shows the proportion of respondents and share of disbursements for each response category. The table shows that in cases where Export Credit Norway has acted as lender, 78 per cent of disbursements have flowed into transactions that would not have been realised without such export financing. The fact that 76 per cent of disbursements derive from 50 per cent of the total number of processed cases indicates that many major contracts would not have been executed without the involvement of Export Credit Norway.

Export Credit Norway's calculated additionality was significantly higher in 2016 than in previous years. In 2013, 2014 and 2015, it totalled around 40 øre.[11] There are three main reasons for this substantial increase:

- The 2016 survey and calculations cover the effects of both Export Credit Norway and GIEK's work. Most respondents consider that it is difficult to distinguish the effects of the two companies. It is therefore likely that the total additionality for the two agencies combined is greater than for

KEY FIGURES AND INFORMATION

- In 2016, Export Credit Norway
- Received 278 loan applications.
- Disbursed 24 new loans with a lending value of NOK 10 billion.
- Had a lending balance of NOK 76.5 billion at year-end.
- Had a probability-adjusted order book of NOK 17.2 billion at year-end.
- Achieved additionality of 82 øre per disbursed krone.
- Contributed to NOK 7.2 billion in exports.
- Helped to create or preserve 3,460 jobs.

[11] In the survey, customers were asked to estimate the reduction in the contract using percentage intervals. The additionality calculation utilises the median of each interval as the point estimate. To examine the minimum estimate, additionality has also been calculated using the lowest figure in each interval as the point estimate. This results in an additionality figure of 79 per cent. The reason for the small difference compared to the median estimate is that most respondents replied that the contract would have been reduced by 100 per cent without Export Credit Norway's involvement. This response alternative is identical for the median and minimum estimates, resulting in the small difference between the two.

FIGURE 4 – EXPORT CREDIT NORWAY'S ADDITIONAL EFFECT ON EMPLOYMENT (JOBS) BY COUNTY IN 2016

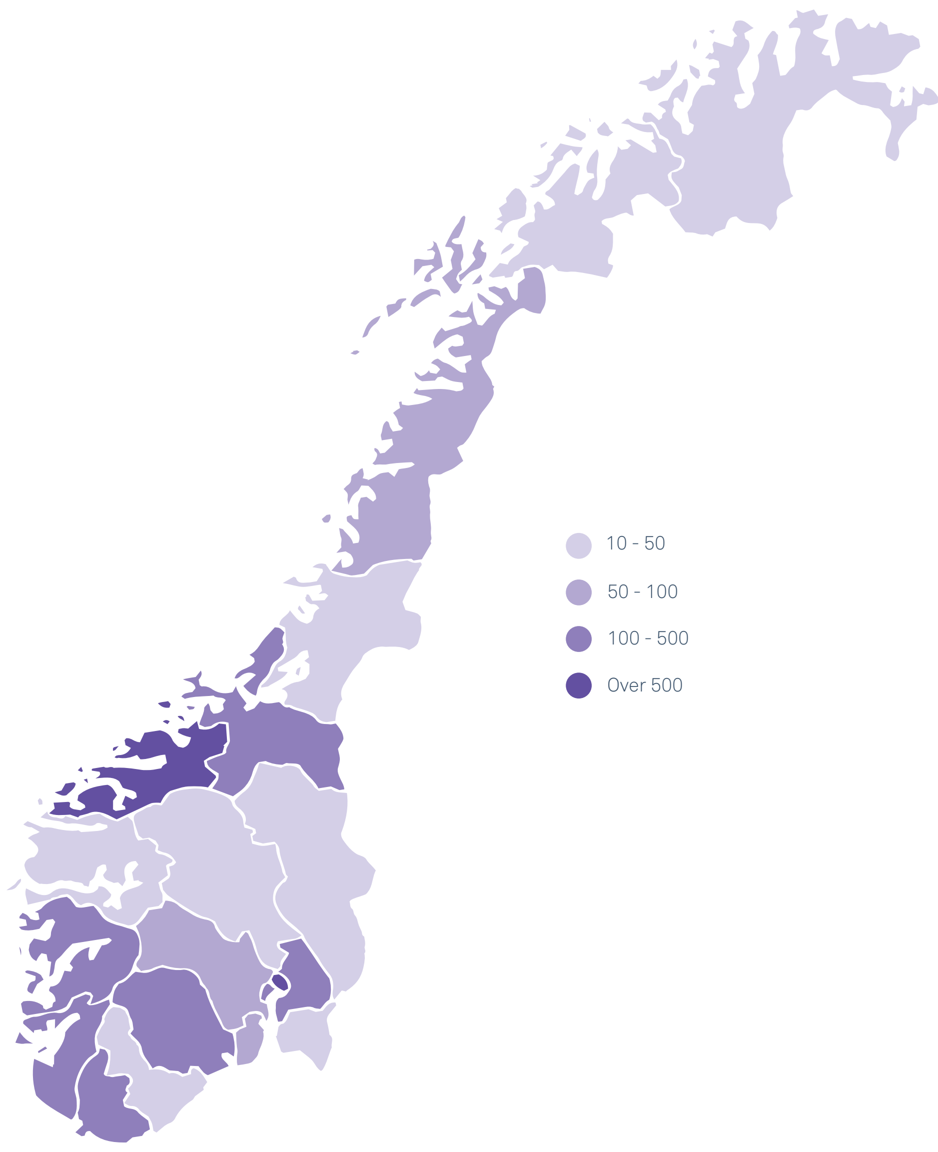


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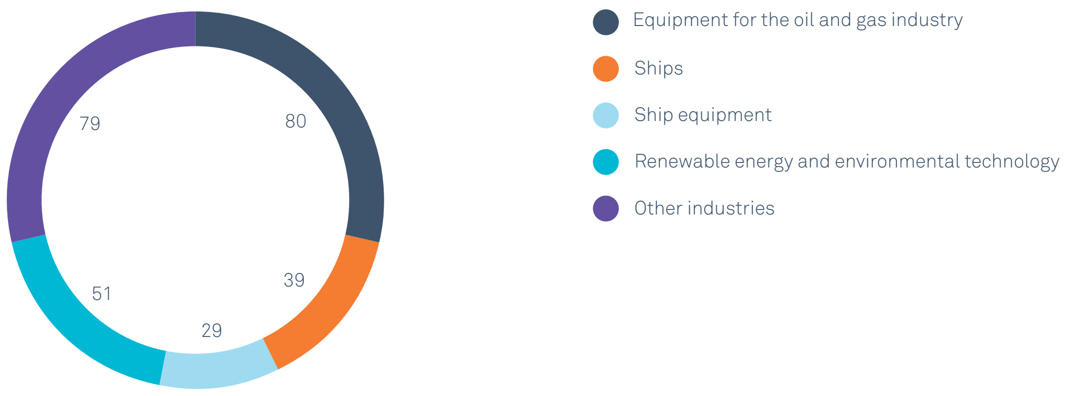
FIGURE 5 – NUMBER OF LOAN APPLICATIONS RECEIVED IN 2016 BY INDUSTRY, AS AT 31 DECEMBER 2016



the two organisations individually.

- The calculation methodology differs from that used in earlier years. Previously, calculations incorporated various assumptions, rather than exact estimates of the export reduction figure from the actual companies involved. Moreover, responses were not linked directly with the size of each contract. Accordingly, no account was taken of different contract sizes, and it was assumed that the effect was identical regardless of size. These highly uncertain assumptions may have led to under-estimation of the additionality effect. Since the effect on each individual contract is now totalled based on the customer's export reduction estimate, the additionality calculation should be more precise. Further, customers have been interviewed on a rolling basis, rather than once a year. This should produce more accurate responses.

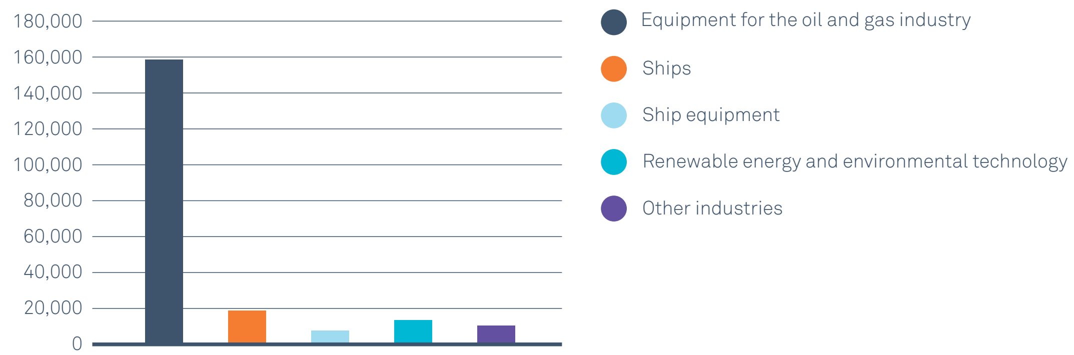
- Challenging market conditions in many of Export Credit Norway's major target industries have made it more difficult for market participants to obtain financing from other lenders. It is likely that this has boosted both Export Credit Norway's importance and the additionality figure.[12]

Export Credit Norway's additional effects
Based on surveys of Norwegian exporters who use Export Credit Norway's services, Menon Economics estimated the company's additional effect on Norwegian exports at more than NOK 7 billion in 2016. Most contracts are realised in collaboration with GIEK.[13]

Using its Total Effect Model, Menon Economics has calculated the impact of the additional exports on the Norwegian economy, as shown in Table 3 on page 23. The NOK 7.2 billion increase in exports boosted employment among exporting businesses by close to 800 jobs. Further, the increased exports had an indirect employment effect of 2,660 jobs through purchases of goods and services from several levels of sub-contractors, bringing the total employment effect of Export Credit Norway's export contribution to 3,460 jobs in 2016. Menon Economics has not incorporated consumption effects into its calculations. If these had been included, the effect would have been 20 per cent higher.

[12] The market situation also reduced the number of cases in 2016.
[13] When interviewed, the respondents were asked about the combined effect of the two agencies' services. Accordingly, the impact of Export Credit Norway and GIEK's respective activities cannot be isolated. However, the additionality and resulting ripple-effect calculations only includes cases in which Export Credit Norway acted as lender, irrespective of the guarantor. GIEK acts as guarantor in most cases, and it is therefore likely that GIEK accounts for some of the calculated additionality and related ripple effects. However, the scale of GIEK's impact is uncertain.

FIGURE 6 – 2016 APPLICATION VOLUME BY INDUSTRY, AS AT 31 DECEMBER 2016 (MNOK)



The figure on page 25 shows the spread of the employment effect across the country as a whole.

3.1.3. Objectives and future priorities
The company's primary objective concerning competitive export financing is to provide exporters with a relevant, competitive range of products in a changing market. Export Credit Norway aims to enable all exporters who qualify for export financing to use it as an effective sales argument vis-à-vis their customers. The company reinforced its sales and marketing functions in 2016, and will continue to do so in 2017, including pursuing new strategic initiatives and focusing on the creation of synergies in collaboration with Innovation Norway, GIEK and GIEK Kredittforsikring. Customer and stakeholder surveys will also be conducted again in 2017.

3.2. ACCESSIBLE EXPORT FINANCING
3.2.1. Guiding principles
Export Credit Norway's mandate is to provide accessible export financing. The term "accessible export financing" refers to a known product from a company with a strong national and international reputation. The product must also be available to small and medium-sized Norwegian exporters and companies developing new knowledge and technology.

Export Credit Norway makes targeted efforts to ensure that its products are perceived as accessible. The measures pursued to improve accessibility are direct contact with companies and cooperation with

THE EXPORT TEAM

Export Credit Norway, GIEK, GIEK Kreditt-forsikring and Innovation Norway established a joint export team in 2016 to meet Norwegian firms interested in selling to international markets. The four organisations selected businesses from across the country to visit in 2016 and 2017. The purpose of the project is to test whether a joint service involving all four organisations generates added value for Norwegian exporters. The aim is to clarify what products are available and help exporters to enter new markets.

bodies such as GIEK, Innovation Norway, banks, business associations and various trade organisations. The company is also reinforcing its own marketing efforts by making more effective use of digital channels.

3.2.2 Work conducted and results achieved in 2016

The company engaged in extensive marketing activity in 2016. Among other things, Export Credit Norway arranged 20 joint customer events with GIEK in Norway. Many of these also involved Innovation Norway as main or co-host. Further, a secondment programme was run that allowed Export Credit Norway staff to visit Innovation Norway's offices in Norway and abroad. The company also ran a joint customer team project (the "Export Team"[14]) in conjunction with Innovation Norway, GIEK and GIEK Kredittforsikring.

The purpose of these activities was to inform exporters of available products and services, raise awareness of the instruments offered by the different agencies, and identify and follow up on relevant businesses in cooperation with Innovation Norway. Export Credit Norway also co-hosted customer events in important foreign destinations, including Houston and Singapore, with other policy instruments.

In addition to conducting outreach activities targeting suppliers and buyers, the company has met trade organisations and business associations such as the Federation of Norwegian Industries, the Norwegian Shipowners' Association and various chambers of commerce. The company also hosted the Export Conference in April 2016, at which the Export Award 2016 was presented.

[14] See fact box.

In the company's view, the joint SMB solution – which the company and GIEK launched together at the end of 2014 – has helped sustain demand from SMBs. Through the solution, Export Credit Norway and GIEK provide a simplified, coordinated application process for transactions valued at less than NOK 100 million. Further simplification of the SMB product remains a priority, to ensure that transactions are executed as efficiently as possible. This is an ongoing process in which the simplification objective must be balanced with what is justifiable from a credit perspective in each individual case.

In 2016, Export Credit Norway maintained its systematic efforts to identify new businesses that could use export financing to secure new contracts. Some 5,000 mainland businesses were analysed,

KEY FIGURES AND INFORMATION

In 2016, Export Credit Norway:

- Received 80 loan applications related to oil and gas equipment.
- Received 68 loan applications related to ships and ship equipment – 39 ship applications and 29 ship equipment applications.
- Received 130 loan applications related to industry and environmental technology – 51 environmental technology applications and 79 applications related to other industry.
- Received 106 loan applications from SMBs, representing 38 per cent of the total number of applications.
- Received 57 loan applications related to innovative projects, representing 21 per cent of the total number of applications.
- Arranged 20 customer events in collaboration with GIEK.

FIGURE 7 – NUMBER OF LOANS UNDER MANAGEMENT BY INDUSTRY, AS AT 31 DECEMBER 2016

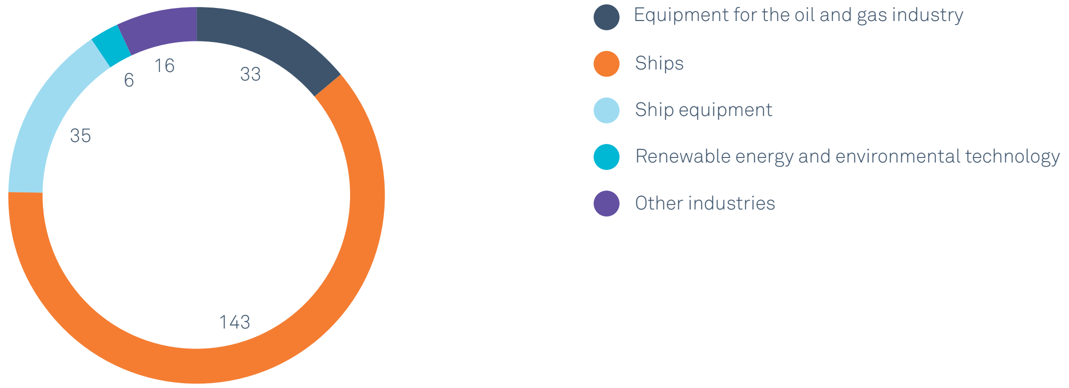


FIGURE 8 – NUMBER OF LOANS UNDER MANAGEMENT BY SEGMENT, AS AT 31 DECEMBER 2016

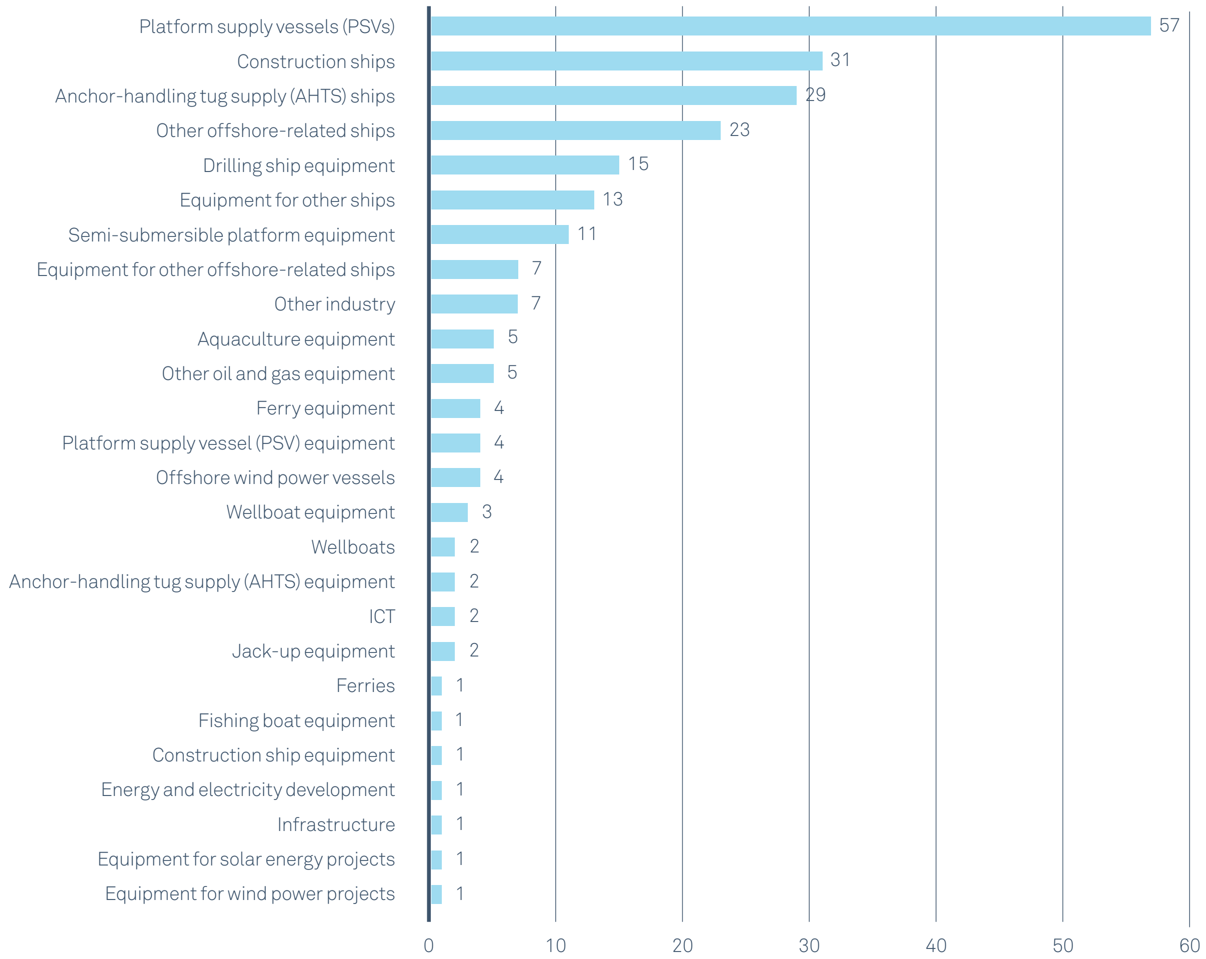


FIGURE 9 – LENDING BALANCE GUARANTORS, AS AT 31 DECEMBER 2016 (PERCENTAGES)

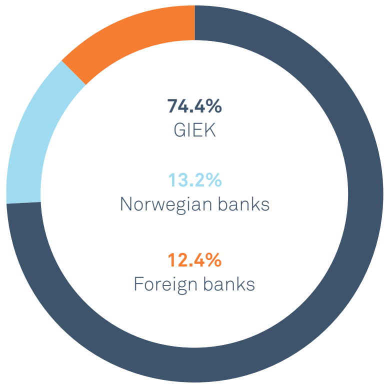
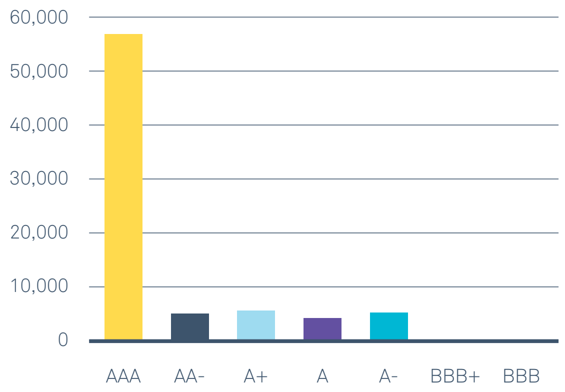


FIGURE 10 – EXPOSURE IN DIFFERENT RATING CATEGORIES, AS AT 31 DECEMBER 2016 (MNOK)



and relevant entities were contacted. A separate strategic initiative analysed almost 2,000 maritime businesses.

Eighty applications relating to oil and gas equipment were received in 2016, compared to 48 in 2015. The number of ship and ship equipment applications fell from 97 in 2015 to 68 in 2016, reflecting developments in the offshore shipping market. In Export Credit Norway's view, marketing boosts the number of applications, particularly from SMBs. The company received 106 applications from SMBs in 2016, on a par with the previous year (2015: 113 applications).

As in 2015, the number of applications in the industry and environmental technology segment totalled 130 in 2016. Overall, Norwegian exports in the renewable energy sector have declined in recent years.

3.2.3 Objectives and future priorities

To make export financing accessible to the supplier industry, Export Credit Norway will continue to engage in systematic marketing with other policy instruments and trade organisations. The company will also seek close collaboration with banks close to suppliers in local markets. The strategic projects "sales management" and "marketing channels and digitisation of marketing work" have equipped Export Credit Norway to conduct more strategic marketing, on a better analytical foundation, through both digital marketing channels and traditional customer meetings and events.

As regards to maritime transactions, in 2016 the company monitored the merchant shipping,[15] fisheries and aquaculture sectors particularly close in response to restructuring in offshore-related segments. More Norwegian yards and maritime equipment manufacturers are now concentrating on these segments, and Export Credit Norway is following this shift in focus.

3.3. EFFECTIVE EXPORT FINANCING

3.3.1. Guiding principles

Effective export financing involves the efficient organisation of the company and efficient operations, including application processing. The company gives priority to effective risk management, including

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

FIGURE 11 – LENDING BALANCE – CURRENCY DISTRIBUTION, AS AT 31 DECEMBER 2016 (MNOK)

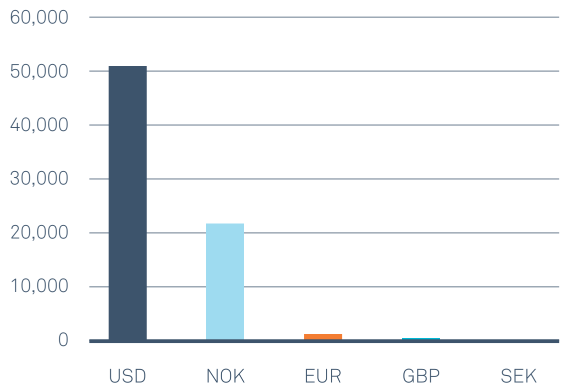


TABLE 4 – COST VOLUMES 2016 (FIGURES IN NOK '000)

	2016	2015	2014
Salaries as a proportion of operating expenses*	64.3%	63.7%	65.6%
Salary costs per full-time equivalent*	1,501	1,500	1,430
Consultancy services as a proportion of operating expenses	12.7%	11.9%	8.5%

* These items include all staff-related costs, including national insurance contributions, holiday pay, pensions, skills-building measures, etc.

the pricing, establishment and follow-up of loans.

3.3.2. Work condcted and results achieved in 2016

In terms of volume, the lending portfolio at year-end was dominated by loans to parties that derive their revenues from the oil and gas industry. This profile has remained stable for several years. In 2016, however, the number of applications relating to this segment declined significantly due to difficult market conditions. The trends observed in 2015 continued in 2016:

1. An increase in the number of applications relating to new industries and focusing on segments other than oil and gas drilling packages.

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

Point 1 requires Export Credit Norway to improve its expertise in structuring its financing processes for non-oil and gas supply projects. Examples include financing for industrial and energy projects in countries with low GDPs, and the financing of fishing vessels and marine equipment.

In response to point 2, Export Credit Norway has to dedicate considerable resources to dealing with at-risk loans.[16] Emphasis is given to developing reliable procedures and clear authorisations for this work, to ensure optimal implementation effectiveness.

Export Credit Norway systematically gathers feedback from borrowers regarding their views on the company's customer-interaction processes. This information is an important source of improvements to the company's own operations. In 2016, borrowers generally evaluated process efficiency positively. For further information, see the discussion of the customer survey results in section 3.1.2.

The lending portfolio

At the end of 2016, Export Credit Norway's lending portfolio of NOK 76.5 billion encompassed 233 loans. Some 61.1 per cent of the loans were CIRR loans, while 38.9 per cent were market loans. The average loan size varies considerably in the different

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

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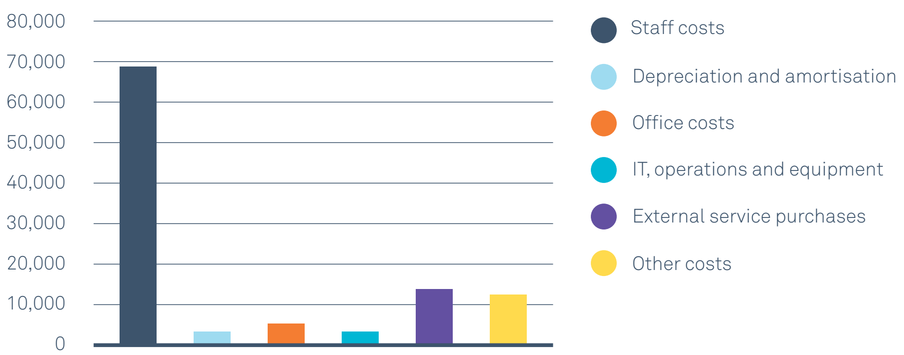
FIGURE 12 – OPERATING EXPENSES 2016 (NOK '000)



industries. The largest loan sums are found in the oil and gas sector, where the average loan size was approximately NOK 730 million. The average loan size in the maritime industry was about NOK 330 million for ships and around NOK 100 million for ship equipment. The average environmental technology loan amounted to approximately NOK 180 million in 2016, while the average loan size for other industries was NOK 30 million. However, most loans in the industry and environmental technology segment total less than NOK 10 million.

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

Credit and risk exposure

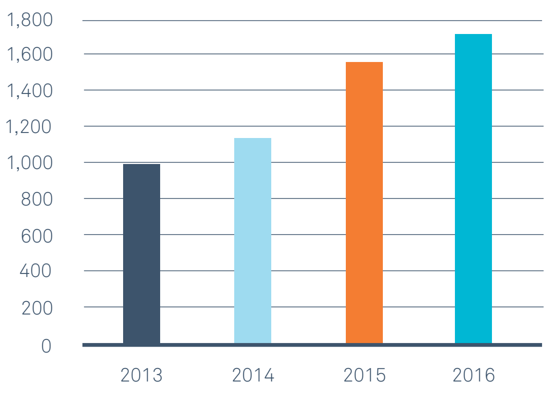
Risk management guidelines are provided by law and in instructions to the company. Under the export credit scheme, loans are recorded in the central government balance sheet, and the State assumes all related risk. All loans must be 100 per cent guaranteed by financial institutions and/or state export credit agencies that satisfy the company's rating requirements. Export Credit Norway is focused on applying strong risk management routines to avoid losses in connection with the export credit scheme.

No loan capital was lost in 2016. Export Credit

TABLE 5 – OPERATIONAL ACCOUNTS 2016

Category	NOK '000
Operating income	102,619
Operating expenses	106,672
Operating profit/loss	-4,053
Net financial items	1,207
Annual profit/loss before tax	-2,846
Tax cost	-638
Annual profit/loss	-2,208

FIGURE 13 – GROSS INTEREST INCOME (MNOK)



Norway made claims under five of the guarantees provided for its loans during the year.

At year-end, 74.4 per cent of the lending balance was guaranteed by GIEK. Of the remainder, 13.2 per cent was guaranteed by Norwegian banks and 12.4 per cent by foreign banks.

Repayments, interest and fees payable by borrowers are monitored on an ongoing basis by means of a special IT system. The same is true of other borrower-related matters that must be followed up, such as the submission of accounts and reports. In this area, Export Credit Norway cooperates closely with various different banks. A commercial bank normally acts as agent and is responsible for the direct contact with the borrower. In the event of a default, a specialist in-house team[17] manages the process in cooperation with the guarantors.

Credit risk

The company's credit risk is governed by an overall expected-loss limit for the entire lending portfolio, and by detailed limits for guarantors. The total limit is allocated to rating classes and expressed as a nominal limit denominated in NOK. All financial institutions that guarantee the company's loans are monitored closely. Regular reports are made to the company's board of directors on limit utilisation by all guarantors. As at the end of 2016, all loans complied with the established credit risk limits.

In day-to-day management, credit risk is limited by Export Credit Norway's right to require replacement of a guarantor if the guarantor's rating falls below Export Credit Norway's minimum rating level. At the end of 2016, the volume-weighted rating[18] for the lending portfolio (including GIEK) was somewhat poorer than AA+.[19] The volume-weighted rating excluding GIEK was A+ to A.[20]

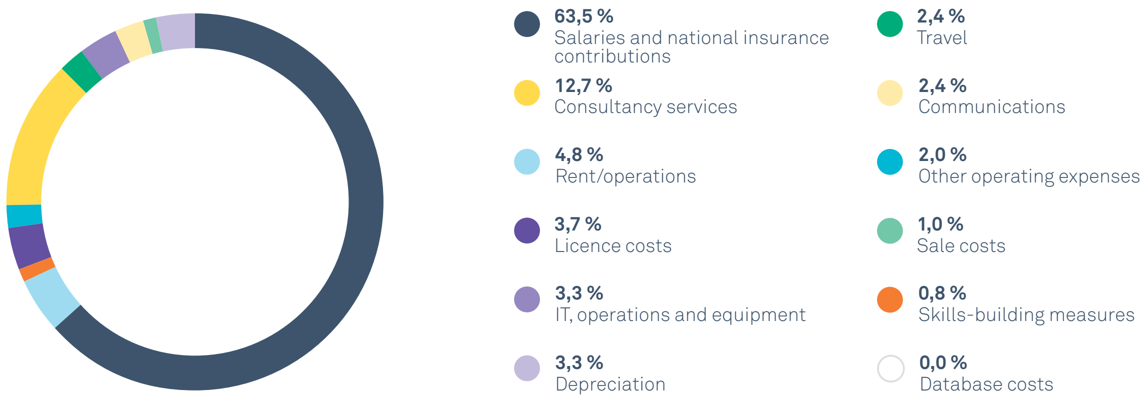
Market risk

Pursuant to section 3 of the Export Credit Regulations on decision-making authority, Export Credit Norway may commit to loans denominated both in NOK and in foreign currencies. Some 70 per cent of all loans included in the lending balance at the end of 2016 were denominated in foreign currencies,

[17] The specialist group for at-risk loans; see discussion earlier in this report.
[18] A volume-weighted rating expresses the average rating per disbursed krone.

[19] The rating is allocated a number. AAA equals 1, AA+ equals 2, etc. The volume-weighted rating including GIEK was 2.2, i.e. somewhat poorer than AA+.
[20] The volume-weighted rating excluding GIEK was 5.5, i.e. mid-A+ to A.

FIGURE 14 – OPERATING EXPENSES BY TYPE IN 2016 (PERCENTAGES)*



* The total salary costs as a proportion of operating expenses equal the total of Salaries and national insurance contributions and Skills-building measures, i.e. 64.3%.

including 67 per cent in USD. In total, 39 per cent of the lending balance comprised loans made on market terms.

Operational risk

Export Credit Norway's operational risk is primarily linked to ensuring proper documentation, conducting ongoing follow-up of loans – including loan payments – and monitoring at-risk loans. The company addresses this risk by prioritising strong expertise in and reliable processes for loan management and transaction execution. In addition to its in-house legal capacity, the company has concluded framework agreements with several reputable law firms. Emphasis is also given to establishing and implementing robust control procedures.

Efficient operations

The Storting (the Norwegian parliament), made an operating and investment grant of NOK 100.6 million to the company for 2016. The company's operating expenses for the year, which primarily comprised staff costs, administrative costs and purchases of external services, amounted to NOK 103.2 million excluding depreciation.

Export Credit Norway's result for the year 2016 was a loss of NOK 2.2 million after tax, compared to a post-tax profit of NOK 1.1 million in 2015. The company enjoys a strong equity position and robust liquidity, and has little exposure to financial risk. The loss made in 2016 is due to the implementation of a number of planned projects with defined timelines, as well as a provision made in connection with discontinuation of the company's defined-benefit pension scheme for income below 12Gs.

Export Credit Norway's salary and national insurance costs accounted for 65.4 per cent of operating expenses in 2016 – representing an increase of 4.5 per cent over the past two years. The main reason for this increase is the recruitment of additional staff. The second-largest item in the operational budget is purchases of external services, which amount to 13 per cent of the budget. Export Credit Norway's operational model is based on the outsourcing of certain services. The company completed several large internal projects in 2016, creating a need for external consultants. Five per cent of operating expenses related to travel and marketing. The cost of Export Credit Norway's offices has increased by 0.3 per cent over the past two years due an increase in the amount of space leased. Other operating expenses consist of office costs, telephony, membership contributions and insurance premiums.

Overall, the sick leave rate was 2.5 per cent in 2016, with short-term sick leave at 0.6 per cent and long-term sick leave at 1.9 per cent. Export Credit Norway implemented several important projects during the year to ensure the company's efficient operation.

KEY FIGURES AND INFORMATION

In 2016, Export Credit Norway:
- had 233 loans under management at year-end
- dealt with 27 major changes to loans, including instalment deferments, defaults and restructurings
- handled more than 100 waivers in loan transactions[23]
- recorded no breaches of credit or risk exposure limits
- had an acceptable risk profile in terms of credit and risk exposure
- achieved a financial result from lending activities of NOK 776 million
- incurred administrative costs totalling 0.13 per cent of the lending portfolio

Among other things, the company implemented an internal control and operational risk management system tailored to the company's needs.

Cost-benefit analysis

The cost-benefit analysis for the export credit scheme for 2016 has been drawn up in accordance with the same principles as the analysis for 2015. The cost-benefit analysis shows that net interest income and fee income totalled NOK 776 million in 2016, after the deduction of Export Credit Norway's operating and investment grant. The CIRR scheme[21] contributed net interest income of NOK 570 million in 2015, while the market scheme[22] contributed net interest income of NOK 287 million. Export Credit Norway also received fee income of NOK 20 million. For detailed information on the cost-benefit analysis for the export credit scheme, see the annex.

Regulatory changes and other elimination of inefficiencies

Export Credit Norway is constantly seeking to simplify both external customer processes and international operational processes. Cooperation with other policy instruments, including GIEK and Innovation Norway, is the most important measure in this regard and for improving awareness of the export credit scheme. Priority was given to these efforts in 2016, not least through the establishment of the "Export Team" as discussed further in section 3.2.

3.3.3. Objectives and future priorities

In 2016, Export Credit Norway and GIEK invested substantially in the simplification of application processes and loan documentation for small and medium-sized businesses. Standardisation and simplification remain important objectives in 2017. Consideration is also given to several other signif-

[21] Loans with a CIRR rate (fixed rate).
[22] Loans on market terms.
[23] A waiver is a deferment or extension in respect of performance of a requirement in loan documentation.

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icant improvement projects, including a number of joint initiatives with GIEK. Moreover, priority will be given to further improvement of the overall range of products and services offered to Norwegian exporters by the policy instruments.

3.4. RESOURCE CENTRE AND PARTNER

3.4.1. Guiding principles

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

In the assignment letter for 2016, the Ministry of Trade, Industry and Fisheries stated that Export Credit Norway should give particular priority to collaboration with GIEK to simplify processes for customers and partners. The Ministry also instructed the company to work with GIEK to market the export credit scheme to small and medium-sized businesses. The Ministry also asked the two agencies to cooperate to make their products and services known and as accessible as possible for businesses.

As loan guarantors and transaction facilitators, banks are key partners for Export Credit Norway, and the company maintains close dialogue with a range of Norwegian and international banks. Using financing from Export Credit Norway allows banks to reduce their borrowing needs. Moreover, the company's loans are a supplementary product that promotes international expansion and growth among the banks' Norwegian corporate clients.

Export Credit Norway gives priority to cooperation with different trade organisations, and is a member of, among others, Norwegian Energy Partners (formerly INTPOW and INTSOK), as well as various chambers of commerce in markets significant to Norwegian exporters. This helps build thorough knowledge of important export industries and markets.

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

3.4.2. Work conducted and results achieved in 2016

In 2016, Export Credit Norway worked strategically to coordinate activities with other policy instruments and to utilise and if possible expand the company's area of operations. The company allocated one

KEY FIGURES AND INFORMATION

In 2016, Export Credit Norway:

- Was awarded a score of 4.5 out of 5 by borrowers with respect to their overall impression of the company.
- Helped to improve conditions for multiple customers in different ways. In particular, 84 per cent of respondents stated that Export Credit Norway makes a significant or partial contribution to increased profitability by reducing costs and/or boosting revenues. This helps improve exporter competitiveness.

FIGURE 15 – EXPORT CREDIT NORWAY'S STAKEHOLDERS

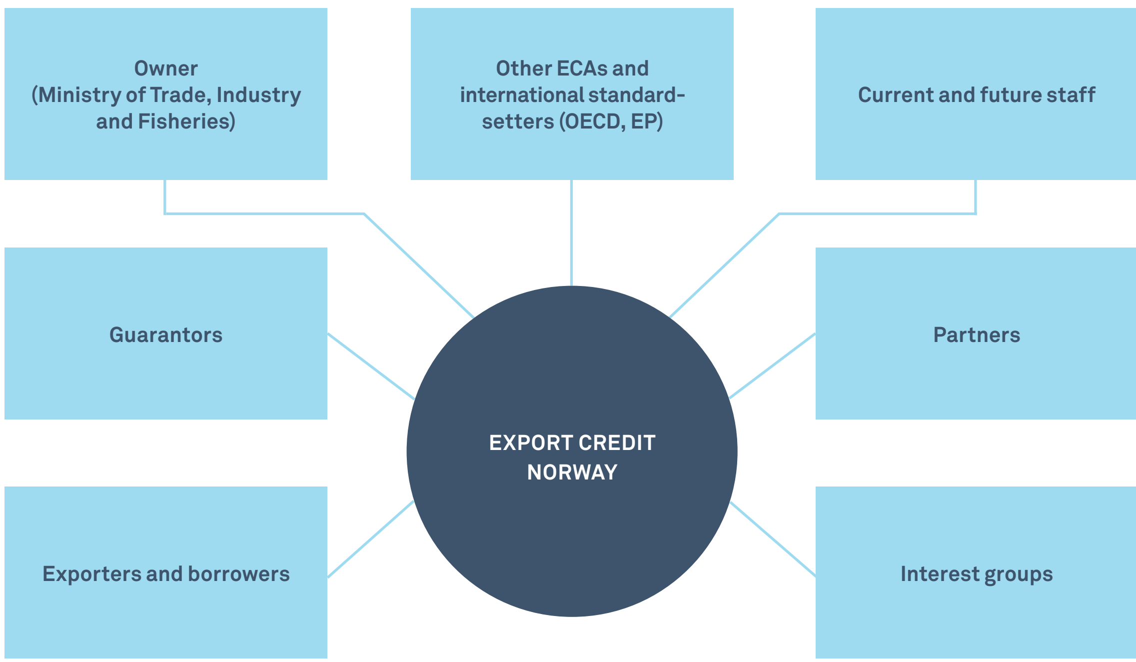

TABLE 6 – DETAILS OF EXPORT CREDIT NORWAY'S STAKEHOLDERS

Stakeholder	Stakeholder dialogue	Expectations
Owner Ministry of Trade, Industry and Fisheries	Continuous dialogue on current operations and activities, including through monthly reports, contact meetings at least twice a year, the general meeting, the annual corporate social responsibility meeting and joint participation in meetings of the OECD and other relevant forums	The Ministry of Trade, Industry and Fisheries' assignment letter expresses an expectation that Export Credit Norway should promote Norwegian exports by providing competitive, accessible and effective export financing without compromising on environmental and social standards. There is a particular focus on solutions for small and medium-sized businesses and projects to develop new knowledge and technology. There are also clear expectations that Export Credit Norway will function as a specialist adviser and resource centre, and contribute to efforts to develop sound international guidelines on export financing. Guidelines for public enterprises reflect the ownership policy in force at any given time, including expectations regarding corporate social responsibility, governance and management. The State expects Export Credit Norway to be a corporate social responsibility leader in its area of operation.
Customers Exporters and borrowers	Export Credit Norway seeks to serve its customers through individual dialogue, marketing measures, information provided through the company's general communication channels and participation in different industry forums, seminars and conferences. Export Credit Norway also arranges customer seminars, either independently or jointly with banks, business associations, trade organisations, GIEK and Innovation Norway.	Exporters and borrowers want competitive, effective and accessible export financing products that offer terms at least as favourable as those available in other countries. Some exporters would also like Export Credit Norway to be able to employ measures to promote specific industries and forms of export. Several exporters and borrowers have stated that they find advice and clear guidelines and conditions useful.
Guarantors GIEK and Norwegian and international banks	Export Credit Norway works closely with GIEK on a daily basis, and also engages in continuous direct dialogue with other guarantors such as Norwegian and international banks.	Guarantors are focused on Export Credit Norway's loan documentation and follow-up, as well as pricing and loan maturities. Since Export Credit Norway and the guarantors often have similar and parallel processes, for example relating to the Equator Principles, the guarantors also see a need for Export Credit Norway to be transparent about its approaches, not least so that others can learn from them.

TABLE 6 – DETAILS OF EXPORT CREDIT NORWAY'S STAKEHOLDERS

Stakeholder	Stakeholder dialogue	Expectations
Partners (Innovation Norway, Enova, OECD contact point, etc.)	Export Credit Norway collaborates with other organisations working to promote Norwegian exports and sustainable business activity. Such collaboration focuses on product development, coordination between public bodies and events for businesses across much of Norway. Export Credit Norway conducts annual dialogue meetings with its most important partners and other policy instruments.	Partners are focused on achieving the joint objective of internationalising the Norwegian business sector. Measures to reach small and medium-sized businesses and promote new technology are important. The green shift is also an increasingly frequent agenda item.
Other ECAs* and international standard-setters such as the OECD and the Equator Principles	Export Credit Norway participates in the development of the standards developed by the OECD and the Equator Principles (EP). ECAs and large international banks exchange information in specific transactions, at meetings and seminars, and during joint OECD and EP meetings.	Export credits are regulated by the OECD, and Export Credit Norway is expected to comply with the regulations and be transparent about its transactions vis-à-vis other OECD members. The same applies with respect to other adoptees of the Equator Principles.
Staff	Export Credit Norway has a flat organisational structure. Staff surveys are carried out every two years to evaluate the working environment. In addition, annual safety inspections are conducted, and a large proportion of staff are members of trade unions.	Export Credit Norway's staff expect the company to implement its public mandate and meet its corporate social responsibility in a responsible, sustainable manner. Staff are also focused on having a positive, inspiring working environment, and expect an appropriate degree of gender equality and diversity in the company.
Trade organisations and interest groups	Export Credit Norway engages in direct dialogue with national interest groups which contact the company. Internationally, hearings are held in the OECD at which civil society organisations comment on the work of the ECAs. Export Credit Norway arranges annual dialogue meetings with the most important interest groups, and organises a forum for the company's customers.	Trade organisations such as the Norwegian Shipowners' Association and Norwegian Energy Partners (NEP) want Export Credit Norway to provide tools for their members. Environmental organisations such as Bellona and Zero have stated that Export Credit Norway and GIEK should be granted wider mandates to make them more effective instruments for promoting the green shift. Organisations such as ECA Watch are focused on the potential effect of export financing on the environment, vulnerable groups and developing countries, which may find it difficult to make repayments.

senior executive to work on this strategic project full-time.

The company also reinforced its sales and advisory expertise in 2016 through two closely related strategic projects. The aim is to create and run a sales and advisory organisation that is more dynamic and efficient. In this context, "dynamic" means that the organisation is ahead of market developments, develops continually and learns from the best. "Efficient" means that the organisation uses its resources appropriately and uses digital communication tools in its customer dialogue. This saves time and money, and thus provides the most customer value per budgeted krone and per capita. Through these two projects, the company established a new customer service model, new customer plans, new digital customer-communication solutions, and strategic initiatives which are being implemented as targeted customer campaigns with defined timelines. Further, tailored courses on sales expertise and corporate finance were run for company staff.

Part of the company's social mandate is to share its insights into the export industry. Export Credit Norway staff are regularly engaged as export industry experts by the media, in public debates and at conferences. Export Credit Norway's spokespeople are regular contributors to the business publication Sysla and the technical journal Teknisk Ukeblad. The company is also invited to present analyses of the export industry as a whole, and individual sectors, in public forums like the ZERO conference. In 2016, senior company staff also participated in expert panels organised by the Research Council of Norway and Nordic Innovation to consider awards of R&D funds.

Several of Export Credit Norway's most important customers had a challenging year in 2016. As well as being a constructive partner for individual exporters and borrowers, the company has initiated several industry gatherings for maritime and offshore-related sectors, including in cooperation with the Norwegian Shipowners' Association and banks.

Generally speaking, the company's customer surveys show that Export Credit Norway has a strong reputation among Norwegian exporters; see the discussion of customer surveys in section 3.1.2.

3.4.3. Objectives and future priorities

In 2017, Export Credit Norway will continue to reinforce its strategic sales and marketing efforts. The company's products and services will be marketed through several channels, in which digital solutions and strategic follow-up of indirect sales channels like GIEK, Innovation Norway and banks will be key. The company will also focus on transactional excellence in 2017. A lean project covering the entire transaction process from application to management will be executed in collaboration with GIEK to secure simplifications and reduce time and resource consumption. Further, a pilot project will be run to examine the costs and benefits of digitising customer interfaces via the "My page" customer portal.

3.5. STAKEHOLDERS

Export Credit Norway's activities affect a range of national and international stakeholders, who in turn have an impact on the company's business operations. Export Credit Norway has conducted an expectation survey among its most important stakeholders. Figure 15 provides an overview of the company's stakeholders, while Table 6 illustrates the survey results.

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

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

Stakeholder dialogue is a key aspect of Export Credit Norway's daily operations. The table on pages 38 and 39 provides an overview. The company aimed to develop its stakeholder dialogue further in 2016, not least by developing and communicating clear principles for the stakeholder dialogue and evaluating a more systematic approach to different interest groups. This objective will also be pursued in 2017. The company holds numerous structured stakeholder meetings a year, covering different groups including trade organisations, partners and the authorities. In addition, around 800 customer meetings with Norwegian exporters and their customers took place in 2016.

3.5.1. Stakeholder survey

Menon Economics has conducted in-depth interviews with 26 stakeholders to survey their views on Export Credit Norway's role and reputation, its prominence in the market and the importance and quality of its products and services. The surveyed stakeholders included guarantors, financial institutions, authorities, trade organisations and lawyers.

Export Credit Norway's stakeholders were generally well satisfied with the company's efforts, stating that it plays a key role in promoting Norwegian exports, particularly in the shipping and offshore segments and other industries characterised by large one-off deliveries. Export Credit Norway's products and services are considered to be competitive. The respondents identified the CIRR rate and the choice between fixed and variable rates as very important. The stakeholders were also generally satisfied with the company's service level and expertise. Some respondents stated that processes could be simplified somewhat, particularly as regards documentation procedures and cooperation with GIEK. Several respondents also stated that knowledge of Export Credit Norway varies in different industries and among companies of different sizes, and that the

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company should make further efforts to raise awareness among smaller companies. Overall, the stakeholders were highly satisfied with their cooperation with Export Credit Norway.

Effect

Most respondents in the stakeholder survey were of the view that Export Credit Norway plays a key role in the realisation of Norwegian export contracts. According to the respondents, the company's importance depends on factors such as the industry in question, market conditions and project quality. The maritime industry in particular was identified as one in which exports would be lower without Export Credit Norway, while exports of commodities like fish and metals are less dependent on the company's contribution. Overall, Export Credit Norway plays a central role in the export of large one-off deliveries. It was also pointed out that the importance of the company increases when there is limited access to capital in the market.

The majority of respondents also considered that Export Credit Norway's products and services help make Norway an attractive exporting country. In many cases, financing is an important aspect of the overall offer, and Export Credit Norway helps by providing offer of financing at an early stage. A further factor is that the majority of comparable exporting countries also offer guarantees and export credits, and Norway would therefore be at a competitive disadvantage if it did not do so.

The company's contribution to the development of technology and expertise is considered relatively modest. Most respondents stated that any such development occurs indirectly, through preservation or development of expertise during project implementation.

Product and service quality

The CIRR rate was highlighted as an especially important feature of Export Credit Norway's products, and most respondents considered it to be highly competitive at present. There was also widespread agreement that the option of choosing between a CIRR rate and a market rate up until loan disbursement is very important. The arrangement is a win-win scenario for the buyer, and in effect constitutes a free option that is not available in the commercial market.

Almost all the respondents stated that knowledge of and expertise on relevant markets, products and customers is very important. Some respondents were of the opinion that Export Credit Norway's specific knowledge of markets and risk could be improved, particularly in relation to other industries. Nonetheless, most of these respondents also stated that it is more important for GIEK to have such in-depth knowledge, since it assumes the market- and country-specific risk. Feedback regarding Export Credit Norway's knowledge of financing needs was generally positive.

As regards to the accessibility of customer service representatives and the efficiency of application processes, these were deemed generally good, and improved in recent years. However, it was stated that Export Credit Norway can appear a little bureaucratic at times. Norwegian exporters' awareness of the company was considered to be good, particularly in the case of larger companies. Knowledge levels are also higher in certain industries, not least the maritime industry. Some respondents stated that Export Credit Norway and GIEK may not be as effective for SMBs, since smaller businesses do not have the same capacity to search for sources of financing, and because bureaucratic hurdles may be found to be too high. It has been proposed that an alternative approach for SMBs should be developed in collaboration with other policy instruments like Innovation Norway, although no specific improvement proposals have been made.

Reputation

The majority of respondents stated that Export Credit Norway is a centre of export financing expertise for Norwegian businesses. Several respondents also said that this is to be expected, given the company's purpose. Most of those who replied felt that Export Credit Norway enjoys a strong reputation among both Norwegian exporters and foreign purchasers of Norwegian goods and services, particularly in the shipping and offshore sectors.

Most respondents took a positive view of the company's corporate social responsibility work, with several stating that it is very important for Export Credit Norway to take the lead in corporate social responsibility efforts and to avoid involvement in transactions in which Norwegian businesses should not be involved. Most of those who replied stated that Export Credit Norway's clear policy on corporate social responsibility is important for customers, and that the topic is particularly important for larger companies.

4 Responsibility

4.1. HIGH ETHICAL STANDARDS

4.1.1. Guiding principles

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

4.1.2. Work conducted and results achieved in 2016

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

The company adopted new ethical principles in 2016. The new principles encompass both ethical commitments in day-to-day operations and ethical commitments in financed transactions. The purpose of developing new ethical principles has been to ensure that the document at all times covers all areas deemed relevant in view of the company's activities, and that the requirements imposed on the board of directors, executives and other employees reflect developments in standards in society at large. The company's strategy seminar in September 2016 included a half-day of dilemma training for all employees based on the new ethical principles.

Export Credit Norway supports transparency about dilemmas and ethical problems, and its ethical principles state that employees have both a right and a duty to report matters in the company which contravene laws or internal rules and guidelines. The company established an external whistle-blowing channel in 2016 that permits anonymous reporting. In that connection, the company has also developed and adopted new routines and procedures for dealing with internal and external whistle-

KEY FIGURES AND INFORMATION

In 2016, Export Credit Norway:
- Registered no breaches of ethical guidelines.
- Received no internal or external whistle-blowing reports.
- Conducted 13 internal ethics training seminars, focusing on topics such as the company's ethical principles and anti-corruption procedures, low-tax countries, money laundering and terrorist financing.

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OUR VALUES

Responsible
We are experts in our field and are unafraid to make decisions.

Dynamic
We are ahead of market developments, and are willing, even when we do not have to be.

Enthusiastic
We support one another, we learn and we pursue personal development.

blowing reports.

4.1.3. Objectives and future priorities

Export Credit Norway will maintain its efforts to raise awareness of relevant ethical issues.

4.2. SPECIALIST ADVISORY BODY TO THE MINISTRY OF TRADE, INDUSTRY AND FISHERIES AND PROMOTER OF SOUND, RESPONSIBLE INTERNATIONAL FRAMEWORK CONDITIONS

4.2.1. Guiding principles

As stated above, Export Credit Norway provides officially supported financing, and is therefore subject to the OECD Arrangement on Officially Supported Export Credits in connection with all lending activities; see further discussion in section 2. The OECD has also adopted common guidelines on environmental and social due diligence[24] and anti-corruption efforts in financed projects. Export Credit Norway applies these guidelines in all project assessments.

Export Credit Norway is mandated to ensure sustainable lending to low-income countries to avoid the accumulation of excessive foreign debt in those countries. This is also regulated by OECD guidelines. Further, the company seeks to improve awareness of the OECD Guidelines for Multinational Enterprises and the work done by Norway's national OECD contact point.[25]

The company seeks to ensure that Norwegian industry and its customers have access to competitive export financing that complies with international agreements and offers terms as favourable as those available in competing countries. Export Credit Norway participates in international export financing work in close cooperation with GIEK and the Norwegian authorities, through regular meetings of the OECD's Export Credit Group.

Further, the International Working Group on Export Credits (IWG) has been established for the purpose of agreeing a common set of export financing rules that also apply to new exporters such as China, Brazil and India. Export Credit Norway is involved in making preparations, gathering background information, reporting, and attending international negotiation meetings and meetings of expert groups.

In its capacity as a specialist adviser to the Ministry of Trade, Industry and Fisheries, Export Credit Norway gives priority to collaboration with other relevant export credit agencies to maintain its thorough knowledge of the export credit schemes and products on offer in other countries.

In addition to OECD agreements and guidelines, Export Credit Norway has signed up to the Equator Principles; see the discussion in section 2.1. It is important that the company supports international initiatives to promote environmental and social conditions and ensure responsible financing of international projects. Several of the international banks with which the company cooperates closely have also adopted the Equator Principles. The initiative is an important means of focusing attention on the social and environmental aspects of projects.

4.2.2. Work conducted and results achieved in 2016

In its capacity as a specialist adviser to the Norwegian authorities and a member of Norway's delegation, Export Credit Norway is actively involved in preparations for, and participates in, negotiation meetings and the further development of international agreements negotiated by the OECD's export credit groups and the International Working Group on Export Credits (IWG).

In 2016, Export Credit Norway:

- Participated in the three regular negotiation meetings of the OECD's export financing groups and in the OECD's expert group on interest.
- Attended negotiation meetings connected to the work of the International Working Group on Export Credits (IWG).
- Gave priority to international relations in the form of contact with other export credit agencies (ECAs) to ensure the exchange of information and experience. Among other things, Export Credit Norway attended the annual network meeting with other European ECAs.
- Participated in the annual meeting of Equator Principle signatories, as well as workshops organised by the IFC focusing on discussion and development of IFC Performance Standards.
- Received feedback from the Ministry of Trade, Industry and Fisheries expressing satisfaction with the company's services as a specialist adviser and contributor to international efforts in 2016.

4.2.3. Objectives and future priorities

Export Credit Norway will continue to provide a competitive export credit scheme in Norway in order to secure good, predictable conditions for Norwegian exporters and their customers. The company will continue to function as a specialist adviser to the Norwegian authorities and support the further development of international export financing rules. This includes active participation in the OECD's export credit groups, including expert groups, and in IWG negotiations with non-OECD countries regarding a new international export financing

[24] See further discussion of the arrangement in section 5.1, Evaluation and follow-up of environmental and social conditions in transactions.

[25] The contact point is mandated to promote the OECD Guidelines for Multinational Enterprises and contribute to the resolution of individual cases concerning compliance with the guidelines.

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agreement.

Further, Export Credit Norway will give priority to stronger stakeholder dialogue, including cooperation and dialogue with other relevant ECAs. In-depth knowledge of the areas covered and terms offered by other countries is important for assessment of the competitiveness of the Norwegian scheme, and for Export Credit Norway's function as an export-financing resource centre for the Norwegian authorities.

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

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

4.3.1. Guiding principles

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

The company must ensure that staff salary conditions reflect the market, but must not be a salary leader. Further, the staff remuneration system must be predictable. Pay policy must be objective, and efforts must be made to eliminate any unjustified imbalances.

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

4.3.2. Work conducted and results achieved in 2016

Export Credit Norway focused particularly on skills-building in 2016. A survey was conducted to identify future skill needs, and areas in which the organisation needs to implement skills-building measures were defined. The further-education funding scheme for staff was maintained, as was the staff secondment scheme involving GIEK and Innovation Norway, which facilitated the temporary exchange of staff between the different organisations. Particular priority was given to secondments to various Innovation Norway offices in 2016.

Gender equality and diversity efforts continued in 2016. Priority measures included ensuring that emphasis is given to ensuring an appropriate gender balance at all levels and in all units in connection with recruitment. There was also a focus on bolstering management expertise in and understanding of gender equality and diversity efforts. In connection with the annual pay settlement, particular consideration was given to the need to eliminate any unjustified imbalances, and some minor adjustments were made. In the company's view, having clear gender equality and diversity objectives and making systematic efforts in this regard are important contributions to the creation of a positive, attractive workplace.

At the end of 2016:

- 50 per cent of the company's employees were women
- 67 per cent of the board members as a whole and 60 per cent of the shareholder-elected board members were women
- 33 per cent of senior executives were women
- 10 per cent of employees had a non-Nordic ethnic background

4.3.3. Objectives and future priorities

Key objectives for Export Credit Norway are to ensure that the company has the necessary skills base to perform future tasks and deal with future challenges effectively, and to optimise the company's organisational structure and staffing level. The systematic skills-building project launched in 2016 will be maintained and implemented further in 2017.

Gender equality and diversity efforts will be maintained in 2017, based on the adopted platform and priorities. Further consideration will be given to the need to eliminate any unjustified pay imbalances in the year ahead. Efforts to ensure balanced gender representation at all levels and in all departments will continue.

Export Credit Norway has adopted performance systems covering objectives, follow-up and compensation in order to provide effective incentives to achieve the desired culture and positive results in accordance with stated ambitions. A new review will be completed in 2017 to ensure that sufficient emphasis is given to skills-building measures.

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

4.4. EHS FOR EXPORT CREDIT NORWAY STAFF

4.4.1. Guiding principles

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

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

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

4.4.2. Work conducted and results achieved in 2016

The overall sick leave rate was 2.5 per cent in 2016, compared to 2.7 per cent in 2015. The short-term sick leave rate was 0.6 per cent, while the long-term rate was 1.9 per cent. No occupational incidents or accidents resulting in personal injury or physical damage occurred or were reported during the year.

All staff were offered a health check by the occupational health scheme doctor during the summer of 2016. Some 63 per cent of staff made use of the offer. Working environment satisfaction was also surveyed in this connection, and the feedback received was positive, with all employees reporting high or very high satisfaction levels.

The safety inspection of the company's offices conducted in November 2016 revealed no deficiencies, and therefore necessitated no follow-up.

In 2016, Export Credit Norway:
- suffered no occupational incidents or accidents
- had a sick leave rate of 2.5 per cent, comprising a short-term sick leave rate of 0.6 per cent and a long-term sick leave rate of 1.9 per cent
- offered all staff a health check by the occupational health scheme doctor

4.4.3. Objectives and future priorities

Export Credit Norway will maintain a positive, fully satisfactory working environment. The company aims to keep its sick leave rate at a stable, low level. The sick leave rate will be evaluated by reference to a benchmark composed of other enterprises' rates as at year-end 2016. A new employee satisfaction survey may be carried out in 2017.

5 Sustainability

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

5.1.1. Guiding principles

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

Export Credit Norway follows the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the Common Approaches), and has also adopted the Equator Principles.[26] See further discussion in section 2.2.

The Common Approaches and Equator Principles are very similar, and employ the Performance Standards of the International Finance Corporation (IFC), in conjunction with the World Bank EHS Guidelines,[27] as benchmarks and governance measures. Performance levels and steps are generally deemed achievable for new projects based on existing technology and at a reasonable cost. Projects must of course always comply with national legislation and any international regulations and conventions.

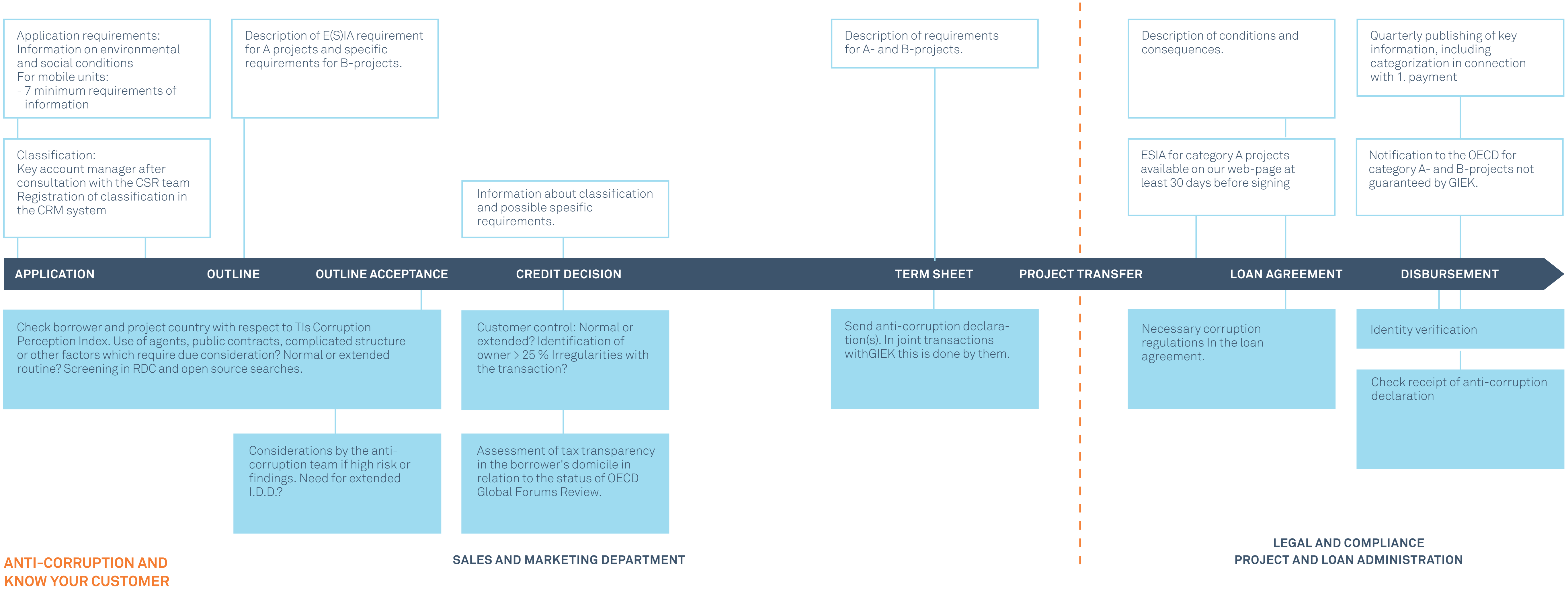
Further, Export Credit Norway complies with the OECD's sustainable lending guidelines, which are designed to prevent developing countries from assuming unsustainable debt burdens. The guidelines support the efforts of the IMF and World Bank to help keep developing countries from reaccumulating significant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

5.1.2. Work conducted and results achieved in 2016

All financing applications received by Export Credit Norway are classified, assessed and followed up on by reference to a risk assessment covering social conditions and environmental consequences. The

[26] Export Credit Norway adopted the Equator Principles in 2014.
[27] The World Bank EHS Guidelines are sector-specific, technical reference documents containing general and industry-specific examples of Good International Industry Practice (GIIP), as defined in IFC Performance Standard 3 on resource efficiency and pollution prevention.

FIGURE 16 – OVERVIEW INTERNAL PROCEDURES WITH RESPECT TO SUSTAINABLITY



aim is to ensure responsibility and sustainability in relation to environmental and social risks in projects for which Export Credit Norway provides financing.

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

In 2016, Export Credit Norway introduced separate guidelines on the assessment of transactions involving potentially non-transparent jurisdictions, i.e. tax havens. Important assessment criteria include openness and information sharing. In principle, the minimum requirement is that the involved parties must be established in countries that are rated “Largely compliant” or better in the OECD Global Forum overview.

Export Credit Norway checks whether potential financing offers to public buyers in low-income countries comply with the public borrowing limits agreed with the International Monetary Fund (IMF) and World Bank, and that loans are otherwise compliant with long-term national development plans. Export Credit Norway did not process any such cases in 2016.

CLASSIFICATION OF ENVIRONMENTAL AND SOCIAL CONDITIONS

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

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

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

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GIEK is an important partner for Export Credit Norway in many areas, including environmental and social risk assessment. A separate cooperation agreement in this area grants Export Credit Norway access to GIEK's environmental and human rights specialists, including in the case of transactions not guaranteed by GIEK.

Materiality analysis

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

Although Export Credit Norway is not a member of the UN Global Compact, it reports on aspects of material significance to its operations. Reports on these aspects comply with UN Global Compact requirements relating to policy specification, completed activities, results and expected results. These requirements correspond to those found in section 3-3c of the Norwegian Accounting Act.

The company has maintained its efforts to establish clearer guidelines for the assessment of mobile units, especially for the follow-up of mobile units during the loan period.

5.1.3. Objectives and future priorities

In 2017, Export Credit Norway will focus on closer stakeholder dialogue in order to make such dialogue more structured and systematic, with the aim of securing more feedback on the company's corporate social responsibility efforts. In-house training to give staff the requisite expertise will also be important in 2017 to ensure that Export Credit Norway asks the right questions and includes the right requirements in the transactions it finances. The company will review the requirements it sets for Norwegian exporters with respect to environmental and social conditions.

KEY FIGURES AND INFORMATION

In 2016, Export Credit Norway:

- Disbursed three loans in category A, all related to offshore oil and gas production.
- Disbursed five loans in category B.
- Visited and assessed eight foreign yards in collaboration with GIEK. One loan was disbursed in connection with delivery by a yard which had not been assessed, since the financing agreement had been signed before adoption of the guidelines.
- Rejected one loan application due to the borrower's conduct relating to environmental and social conditions.
- Disbursed three new loans subject to specific requirements linked to environmental and/or social conditions.
- Disbursed no loans subject to the OECD's guidelines on sustainable lending to low-income countries.
- Participated in a dedicated meeting of the OECD Environmental and Social Practitioners, a workshop with the Practitioners and Equator Principles signatories, the annual meeting of Equator Principles signatories and the IFC Community of Learning.
- Started publishing a quarterly summary of basic information about disbursed loans to practise greater transparency with regard to the projects financed by the company.

GUIDELINES ON THE EVALUATION AND FOLLOW-UP OF ENVIRONMENTAL AND SOCIAL CONDITIONS

Transaction follow-up

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

Mobile units

In principle, mobile units such as ships, aircraft and trains are not subject to either the OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles. This is because it can be difficult to assess environmental and social consequences when no distinct geographical area can be defined. Export Credit Norway nevertheless classifies all transactions in accordance with the guidelines, irrespective of the type of project and its location. The maritime industry is subject to significant regulation through international conventions. Several of these conventions are designed to address both environmental and social risk factors, including the IMO MARPOL and SOLAS conventions and the ILO Maritime Labour Convention of 2006. Which flag a ship or rig sails under is therefore an important criterion, given that not all flag states have ratified all IMO conventions. Great emphasis is also given to technical specifications and the management and safety systems of the owner and operator, as well as general experience. All units in risk category A are subject to a general requirement for ISO 9001, ISO 14001 and OHSAS 18001 certification.

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

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

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

The company is dealing with an increasing number of projects in low-income countries to which the OECD sustainable lending guidelines may be applicable, and will therefore also focus on ensuring that lending staff possess the relevant expertise in this area in 2017.

5.2. MANTI-CORRUPTION AND ANTI-MONEY LAUNDERING MEASURES

5.2.1. Guiding principles

Export Credit Norway has a responsibility to ensure that the State's funds are managed responsibly. Confidence in the company on the part of its owner and society in general is entirely dependent on the company having adequate controls and preventive measures in place to address corruption and money laundering risk in transactions. The aim is to help Export Credit Norway to avoid financing export contracts which entail corruption or other irregularities. Its increasing exposure to regions associated with a high risk of corruption demands active efforts by the company to ensure that it has a robust anti-corruption programme and reliable procedures for preventing and discovering irregularities in export contracts.

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

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

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

5.2.2. Work conducted and results achieved in 2016

In the past year, the company has made active efforts to develop strong internal procedures and systems to deal with such risk. A new anti-corruption policy was adopted in 2016, and the company's anti-corruption procedures were updated. The revised procedures focus more strongly on the risks associated with the involvement of agents and non-transparent jurisdictions.

Export Credit Norway's anti-corruption programme emphasises the need to act with appropriate care in each individual loan transaction and evaluate the involved parties to avoid corruption in connection with financed projects. Seven rounds of in-house training on the new procedures have been completed, and presentations have been given on general efforts to prevent and uncover money laundering. The workload of company's anti-corruption group, which has an advisory function and makes recommendations in cases involving particularly at-risk loans, is increasing. The group considered 16 cases in 2016. Further, Export Credit Norway established an external whistleblowing channel in 2016 to facilitate the submission of external reports, and in that connection also adopted procedures for the handling of whistleblowing cases.

5.2.3. Objectives and future priorities

Export Credit Norway regards its anti-corruption efforts as an ongoing process, and will continue to focus on minimising the risk of corruption and other irregularities in its loan transactions. A joint initiative has been launched with GIEK to improve and coordinate the two agencies' client due diligence processes.

KEY FIGURES AND INFORMATION

In 2016, Export Credit Norway:
- Submitted 16 cases to the anti-corruption group for evaluation and advice.
- Arranged 11 internal gatherings to provide training or dilemma training in the area of anti-corruption.

FIGURE 17 – COUNTRY DISTRIBUTION TRANSACTIONS 2016 (PROJECT OR DEBTOR COUNTRIES)

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6 Management and control at Export Credit Norway

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

6.1. GOVERNANCE AND COMPANY MANAGEMENT

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

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

6.2. THREE LINES OF DEFENCE

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

Internal control

Export Credit Norway actively emphasised internal control work in 2016. In addition to guidelines and guidance intended to support strong internal control, an integrated framework for internal control and operational management was implemented.

Export Credit Norway's internal control and operational management systems are referred to as integrated management systems. The aim is to implement a system of internal controls and operational risk management procedures – and associated key controls – that reflects the company's size and complexity. The board provide strategic guidance in the form of principles relating to ethical issues, risk management, internal control and compliance. The board's guidance is operationalised through policy documents prepared by company management. To facilitate compliance with principles and policies, the company has developed work processes, procedures, key controls and related documentation for its day-to-day operations. The system takes an integrated approach to risk management and internal control. The objective of the system is to ensure that all staff at Export Credit Norway incorporate necessary risk awareness into their daily work, so that the company can proactively avoid errors in its ordinary operations and reliably assess future risk.

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

Compliance and controlling

Export Credit Norway's second line of defence comprises its compliance function – which monitors the company's risk 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 finance department. The company worked on operationalising its compliance function in 2016.

Internal auditing

The third line of defence is the internal audit function, an independent and objective audit and advisory unit. 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 of directors. The internal audit function reports directly to the board, and is functionally independent of the administration. Export Credit Norway's internal audit function was established in the spring of 2013, and has been outsourced to PricewaterhouseCoopers.

6.3. RISK MANAGEMENT IN 2016

Export Credit Norway's updated risk assessment for 2016 was sent to the Ministry of Trade, Industry and Fisheries in the spring of 2016. Risks are assessed by reference to probability and consequence. The colour codes green, yellow and red are used to indicate the degree of severity of a given risk, with red representing the most severe category. In the report, one risk was flagged as red prior to remedial measures. This was the risk of Export Credit Norway being unable to provide Norwegian industry with the desired degree of support during ongoing restructuring.

This risk partly concerns the company's inability to reach all suppliers who may benefit from export financing for new projects. The new strategy was implemented to reduce the probability and consequences of this risk. Given the ongoing challenges in the oil service market, there is an even greater need for Export Credit Norway to intensify further its efforts to present the export credit scheme to relevant Norwegian businesses. If the difficult market situation continues and the implemented measures fail to produce the desired effect, consideration will have to be given to other initiatives, such as expansion of Export Credit Norway's product range. Overall, the company's risk profile was deemed acceptable and within the company's risk limits.

Implementation of the new strategy also resulted in additional measures through strategic projects in the areas of sales management, guidance and marketing channel development.

6.4. EVENTS IN 2017

No events have occurred in 2017 that have altered the company's risk profile to a noteworthy extent. Export Credit Norway's updated risk assessment for 2017 was sent to the Ministry of Trade, Industry and Fisheries in the autumn of 2016.

7 Summary and overall performance assessment

Export Credit Norway's primary objective is to promote Norwegian exports by providing competitive, accessible and effective financing. In an annex to the assignment letter for 2016, the Ministry of Trade, Industry and Fisheries has defined assessment parameters for each of the key terms in the company's primary objective. The company reports on these parameters in its annual report. This section provides an overall assessment of the company's performance by reference to the stipulated assessment parameters.

Competitive export financing

Export Credit Norway received 278 loan applications in 2016, slightly exceeding the total for 2015. As in 2015, the lending balance amounted to NOK 76.5 billion at year-end. The company's probability-adjusted order book totalled NOK 17.2 billion at the end of 2016, NOK 4.1 billion lower than the figure for the previous year.

The number of applications received during the course of the year was high, despite the very challenging market conditions faced by parts of the Norwegian export industry. The lending balance was maintained during the year, while the probability-adjusted order book declined somewhat.

Menon Economics has calculated Export Credit Norway's additionality. The calculation shows that 82 øre of every one krone of exports financed by Export Credit Norway would not have been realised without the assistance of the company and GIEK.

Specifically, this means that the transactions in question would not have been completed without the involvement of the two agencies, or that the contracts would have been worth less. Some of the contracts would also have taken longer to execute.

Export Credit Norway's additionality is considered to be very high. This may be partly due to the adoption of a new calculation method, although additionality would still have been far higher than in previous years under the old method.

As a member of the Norwegian delegation, Export Credit Norway participates in negotiations and ongoing development of international agreements developed by the OECD export credit groups and the International Working Group on Export Credits (IWG). In 2016, the company participated in three regular negotiation meetings of the OECD's export financing groups and in the OECD's expert group on interest. The company also attended negotiation meetings connected to the work of the International Working Group on Export Credits (IWG). Further, the company participated in the annual meeting of Equator Principle signatories, as well as work-shops organised by the IFC focusing on discussion

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and development of IFC Performance Standards.

Export Credit Norway has given priority to international relations in the form of contact with other export credit agencies (ECAs), to ensure the exchange of information and experience. Among other things, Export Credit Norway attended the annual network meeting with other European ECAs. The company has received positive feedback on its work in this area, including from its owner, the Ministry of Trade, Industry and Fisheries.

Export Credit Norway considers that its performance with regard to the key term "competitive export financing" is good.

Accessible export financing

In 2016, Export Credit Norway received 80 loan applications relating to oil and gas equipment. The company received 68 applications in the maritime sector, including 39 applications linked to ships and 29 applications related to ship equipment. In the industry and environmental technology sector, the company received 130 loan applications, of which 51 concerned environmental technology and 79 other industry. Some 57 of the 278 received applications were deemed to relate to innovative projects. In total, 106 applications were received from SMBs. Export Credit Norway and GIEK hosted 20 joint customer events during the year.

The distribution of applications between the company's defined sectors was approximately as in 2015. There was a slight increase in the number of oil and gas-related applications, but a decline in applications in the maritime sector. The application figure for the industry and environmental technology sector was on a par with the previous year. While the total number of applications also matched last year's figure, the number of innovative projects doubled. The latter development may be due to the attempts of more former oil and gas suppliers to conquer new markets with new products. The number of customer events was slightly lower than last year, reflecting the company's focus on several major in-house projects.

In 2016, Menon Economics interviewed 26 stakeholders to survey their views on Export Credit Norway's role and reputation, its prominence in the market and the importance and quality of its products and services. The surveyed stakeholders included guarantors, financial institutions, authorities, trade organisations and lawyers.

Export Credit Norway's stakeholders were generally well satisfied with the company's efforts, stating that it plays a key role in promoting Norwegian exports, particularly in the shipping and offshore segments and other industries characterised by large one-off deliveries. Export Credit Norway's products and services are considered to be competitive. The respondents identified the CIRR rate and the choice between fixed and variable rates as very important. The stakeholders were generally satisfied with the company's service level and expertise. Some respondents stated that processes could be simplified somewhat, particularly as regards documentation procedures and cooperation with GIEK. Several respondents also stated that knowledge of Export Credit Norway varies greatly in different industries and among companies of different sizes, and that the company should make further efforts to raise awareness among smaller companies. Overall, the stakeholders were highly satisfied with their cooperation with Export Credit Norway.

Export Credit Norway considers that its performance with regard to the key term "accessible export financing" is good.

Effective export financing

At the end of 2016, Export Credit Norway had 233 loans under management. The company's financial result was NOK 736 million excluding grants received for 2016. The company's risk profile with respect to credit and risk exposure was acceptable, and no breaches of adopted credit and risk exposure limits were registered during the year. The company's administrative costs totalled 0.13 per cent of the lending balance.[28]

Export Credit Norway faces new, more stringent demands as a result of restructuring by Norwegian business in general, and exporters in particular. In order to provide the best possible support to Norwegian industry, the company must have robust, effective processes in place. Although the number of loans under management is on a par with 2015, many loans are currently generating substantial work related to instalment deferments and loan restructuring.

Export Credit Norway took several steps in 2016 to improve the efficiency of its organisation. Several major in-house projects were executed with the aim of learning from sales and marketing best practice in order to standardise and optimise exporter and borrower follow-up. A further purpose of the projects was to improve the company's overall understanding of the marketing and financing functions so that it can provide customers with information and guidance at the right level and at the right time. The company has also examined marketing channels and opportunities to digitise marketing efforts. New technology allows the company to reach more potential and existing customers, and thereby to simplify and effectivise its processes. The company has also given priority to cooperation with other policy instruments to facilitate exploitation of synergies and the expertise of other agencies. In 2016, Export Credit Norway implemented a new internal control and risk management system to help reduce the risk of errors and promote better, more efficient procedures. The company also conducted a skills survey to ensure that it has the right expertise in the right areas, and to ensure that its processes are efficient.

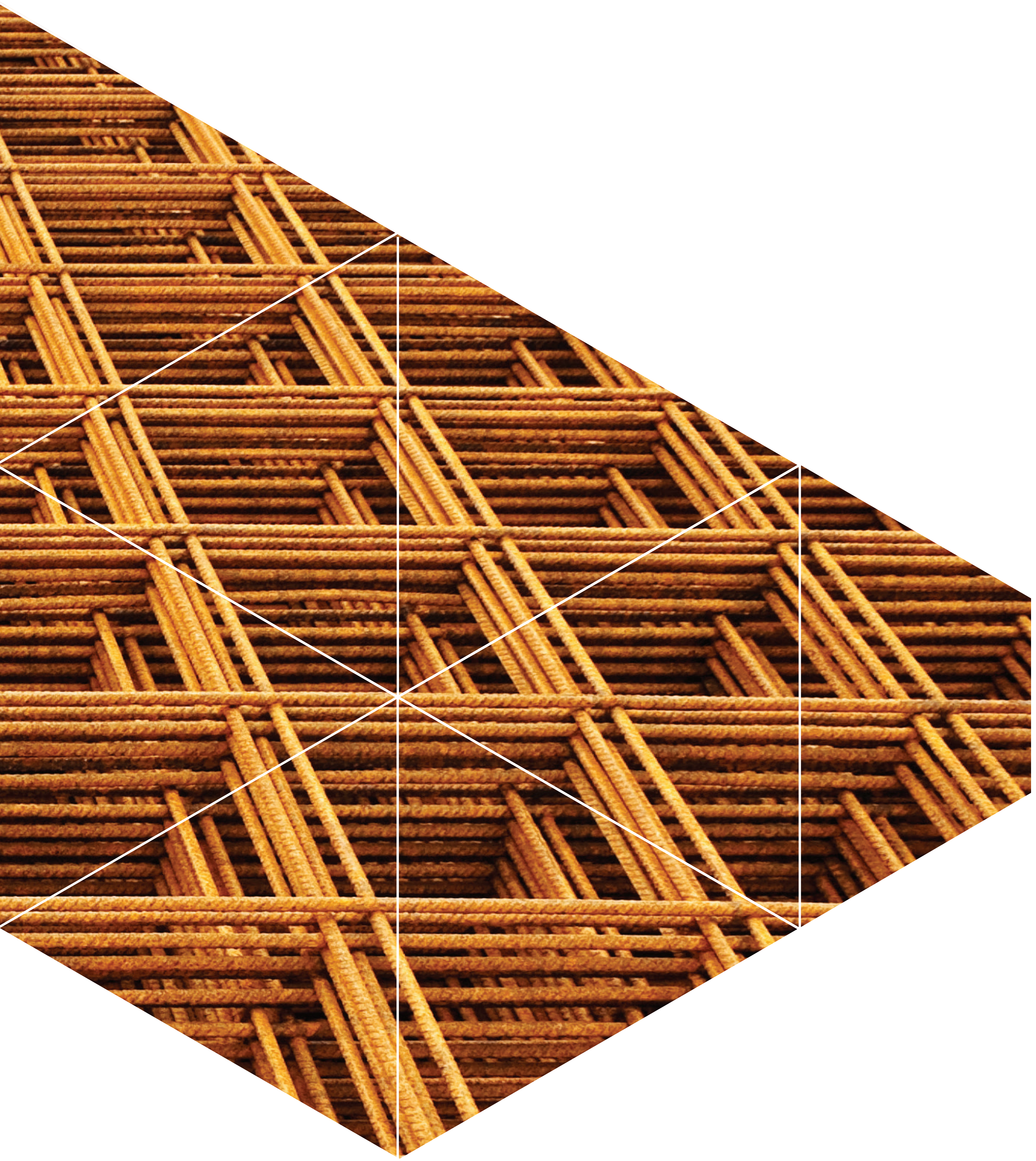
Despite considerable pressure on the organisation, Export Credit Norway considers that its performance with regard to the key term "effective export financing" is good.

Priorities in the assignment letter

The assignment letter identifies two priority areas: cooperation with GIEK and Innovation Norway and anti-corruption efforts.

As regards cooperation with GIEK and Innovation Norway, reference is made to the report in section 3.2.2. As regards prioritisation of anti-corruption efforts, reference is made to the report in section 5.2.

[28] The distribution of operating expenses by type and cost volumes are shown in section 3.3.



8 Annual report of the board of directors and annual accounts

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Highlights in 2016

In 2016, Norwegian businesses, and the offshore industries in particular, continued to suffer the effects of low prices and over-capacity in the oil service sector. However, export competitiveness was improved by the depreciation of the Norwegian krone compared to earlier years. This trend also impacted on Export Credit Norway's operations. The company implemented measures during the course of the year to improve the export financing products offered to Norwegian exporters further. Export Credit Norway's activity level was high in 2016, due to a combination of marketing efforts targeting existing and new customers and restructurings on behalf of customers affected by the challenging conditions in the offshore and oil service sectors.

Export Credit Norway's lending balance amounted to NOK 76.5 billion as at 31 December 2016. The company received 278 loan applications representing a lending volume of some NOK 209 billion during the course of the year. The company's probability-adjusted order book totalled NOK 17.2 billion at year-end.

The export credit scheme

Eksportkreditt Norge AS (Export Credit Norway) is a limited liability company that is wholly owned by the Norwegian State and administered by the Ministry of Trade, Industry and Fisheries. It is based in Oslo, Norway. Export Credit Norway administers Norway's export credit scheme, providing export financing in the form of fixed-rate CIRR (Commercial Interest Reference Rate) loans and variable-rate CIRR-qualified market loans.[29] For further information on the export credit scheme, see Export Credit Norway's annual report.

Strategy and objectives

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

Based on the Ministry's objectives, the company has defined a business strategy focused on the following priority areas: attractive products, efficient processes,

[1] CIRR-lån (Commercial Interest Reference Rate) er fastrentelån som gis i henhold til den OECD-tilknyttede avtalen om offentlig støttede eksportkreditter. Renten er basert på statsobligasjonsrenten i hver enkelt valuta og fastsettes av OECD. CIRR-lån kan gis i alle OECD-valutaer. Nedbetalingstiden på lånene er fra 2 til 12 år. For enkelte låneformål kan nedbetalingstiden være opptil 18 år.

corporate social responsibility and enthusiastic, expert staff. The strategy sets out measures and initiatives designed to ensure the achievement of targets linked to the main objective and the priority areas. The strategy has been operationalised through related indicators and action plans. Export Credit Norway has a public mandate: to promote Norwegian export activity by providing competitive, accessible and effective export financing. Throughout 2016, the company focused on measures to improve the services offered to Norwegian exporters. A central aspect of these efforts has been to provide exporters with maximum commercial and sales support in ongoing restructuring processes. High priority has also been given to coordinating the activities of different policy instruments, for example through joint events and combined customer teams.

Market and lending activity

Norwegian exporters recorded varying growth rates in 2016. The oil and gas supplier industry faced generally challenging market conditions and the need for major restructuring. At the same time, the export industry as a whole experienced benefited from ongoing depreciation of the Norwegian krone against other currencies. Such macroeconomic factors also have the potential to influence Export Credit Norway's activity levels and application figures (numbers and volumes).

Export Credit Norway recorded the following application volumes in 2016 and 2015:[30]

Table 1: Loan applications

(All amounts in MNOK)	Number of applications 2016	Number of applications 2015	Application volume 2016	Application volume 2015
Ships	39	70	18,702	35,307
Ship equipment	29	27	6,712	2,566
Equipment for the oil and gas industry	80	48	159,951	50,700
Renewable energy and environmental technology	51	42	12,992	9,364
Other industries	79	88	10,786	22,150
Total	**278**	**275**	**209,143**	**120,088**

The company received 278 applications representing a total application volume of NOK 209.1 billion in the course of 2016. In contrast, the company received 275 applications representing an application volume of NOK 120.1 billion in 2015. Equipment for the oil and gas industry accounted for a particularly high proportion of the application volume in 2016. Most of these projects are considered to have a low completion probability due to current market conditions.

Historically, the majority of applications relating to the offshore sector have concerned financing for offshore ships and rigs. In 2016, Export Credit Norway experienced a shift in application subject matter, with an increase in enquiries regarding funding in the FPSO[31], subsea technology and general field development segments. A shift in focus is also observable in the maritime sector, where greater emphasis is being given to non-offshore sectors.

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

[31] FPSO: Floating Production Storage and Offloading.

For further information about the number of applications and application figures, see Export Credit Norway's annual report for 2016.

The export credit scheme's cash flows were as follows in 2015 and 2016:

Table 2: Cash flow statement for the export credit scheme

(All amounts in MNOK)	Total 2016	Total 2015
New disbursements	10,121	17,863
Interest income	1,711	1,557
Repayments[32]	8,922	8,498
Fee income	20	41

Export Credit Norway disbursed NOK 10 billion in loans in 2016, compared to NOK 18 billion in 2015. New disbursements relating to oil and gas equipment totalled NOK 1.7 billion, down from NOK 7.7 billion in 2015. In the ship and ship equipment sector, the disbursement total was NOK 8.1 billion, compared to NOK 9.1 billion the previous year. The disbursement volume for the industry and environmental technology sector fell from NOK 1.2 billion in 2015 to NOK 280 million in 2016.

In 2016, Export Credit Norway processed a large number of instalment-deferment requests from borrowers, primarily occasioned by the difficult market conditions faced by many borrowers due to falling oil prices, low interest rates and over-capacity. During the year, the company granted instalment deferments to 20 borrowers representing a total lending volume of NOK 4.7 billion. Export Credit Norway's loans are backed by robust guarantors, and the risk of losses is considered to be small. As at 31 December 2016, Export Credit Norway was administering 233 loans accounting for a total lending balance of NOK 76.5 billion.[33] Distributed by currencies and industries, the lending balance was as follows at the end of 2016:

Table 3: Lending balance

(All amounts in MNOK)	EUR	GBP	NOK	SEK	USD	Total
Ships	560	380	21,378		25,330	47,648
Ship equipment		111	766		2,553	3,430
Oil and gas equipment	278		700		22,959	23,938
Renewable energy and environmental technology	399	40	170		438	1,047
Other industries	351	6		39	46	443
Total	**1,588**	**537**	**23,014**	**39**	**51,326**	**76,505**
Share	**2.1%**	**0.7%**	**30.1%**	**0.1%**	**67.1%**	**100%**

[32] Repayments in foreign currencies received in 2016 have been recorded at actual cost, i.e. at the exchange rate used when the repayments were received. Repayments in 2015 were recorded at historic cost, i.e. at the exchange rate used when the loans were disbursed. The company does not hedge against currency fluctuations.

[33] Based on Norges Bank's mid-rates on the final banking day of December 2016: USD-NOK 8.6200; EUR-NOK 9.0863, GBP-NOK 10.6130 and SEK-NOK 95.12.

The currency distribution generally reflects which industries receive the largest loans. While 96 per cent of Export Credit Norway's loans to the oil and gas sector are denominated in USD, the maritime sectors are dominated by NOK, closely followed by USD. More CIRR loans were disbursed in 2016 than in 2015. Some 61 per cent of the 2016 disbursement volume comprised CIRR loans, whereas the corresponding figure for 2015 was 51 per cent.

At the end of December 2016, the total order reserve amounted to NOK 42 billion, while the probability-adjusted order book totalled NOK 17.2 billion.[34] The probability-adjusted order book for the oil and gas sector amounted to NOK 4.9 billion, while the totals for the maritime sector and renewable energy and other industries were NOK 10.2 billion and NOK 2.1 billion, respectively.

The board considers that Export Credit Norway has promoted Norwegian exports by providing competitive, accessible and effective export financing, and that its performance in 2016 was therefore satisfactory. Reference is also made to the discussion in the company's annual report.

Export Credit Norway, single entity financial statements

Export Credit Norway receives a grant under the fiscal budget to cover administration of the export credit scheme. In 2016, the grant amounted to NOK 100.8 million, of which NOK 100.6 million was recognised as income. Operating expenses excluding depreciation totalled NOK 103.2 million, and primarily comprised wage costs, administrative costs and purchases of external services.

In 2016, Export Credit Norway made a provision for the payment of compensation in connection with the discontinuation of its defined-benefit pension scheme for income below 12 times the pension base rate (12 G) . The old scheme was closed on 31 December 2016, and a new defined-contribution pension scheme took effect for all employees as of 1 January 2017. The company also executed several sizable planned projects with defined timelines. These factors affected the annual result for 2016, which was a loss of NOK 2.2 million after tax, compared to a post-tax profit of NOK 1.1 million in 2015. The company has NOK 43.2 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 the investment grant as income. The company's assets primarily consist of bank deposits, fixtures and intangible assets.

The Storting has approved an operating grant for Export Credit Norway of NOK 107.7 million for 2017.

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 arisen after the end of the financial year that are of significance in the evaluation of the accounts.

Allocation of the annual loss

The board proposes that the loss of NOK 2.2 million be covered by other equity.

[6] Et lån inngår i ordrereserven når kunden har akseptert vilkårene i tilbudet.

Risk management and internal controls

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

Export Credit Norway is focused on having reliable risk management procedures in place to avoid losses in connection with the export credit scheme. No losses have been made on disbursed loans since the company's establishment.

The greatest risks associated with the export credit scheme are counterparty risk relating to guarantors, market risk and operational risk. In 2016, Export Credit Norway reinforced its risk management procedures further by implementing an integrated internal control and operational management framework. The system ensures a uniform approach to internal control and risk management work across the organisation, in the areas of risk assessment, governance principles, control activities, roles and responsibilities and reporting follow-up.

Counterparty risk

The company monitors rating levels, key figures and framework utilisation in respect of all guarantors on an ongoing basis. At the end of 2016, all loans were well within the stipulated counterparty risk limits.

Market risk

The export credit scheme is associated with considerable financial market risk. At the end of 2016, 70 per cent of all loans included in the lending balance were denominated in foreign currencies, compared to 68 per cent at the end of 2015. Similarly to 2015 (41 per cent), 39 per cent of the lending balance comprised loans on market terms. The lending balance amounted to NOK 76.5 billion as at year-end 2016, while the lending balance at historical prices totalled NOK 66.5 billion. In other words, the lending portfolio at year-end 2016 was NOK 10 billion larger than the NOK figure based on the exchange rates at which the loans were disbursed. The corresponding difference as at year-end 2015 was NOK 12.7 billion.

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

Operational risk

Export Credit Norway's operational risk is primarily linked to the administration of its loans, including the handling of risk related to corruption, money laundering, environmental and social conditions and the correctness of loan and security documentation. The company is dealing with various restructurings and defaults on existing loans. This work entails operational risk, and considerable efforts are being made to develop robust processes to protect the State's assets. Additional operational risk arises in connection with loan disbursements and interest and instalment receipts, as well as general loan monitoring. Operational risk monitoring is undertaken both by Export Credit Norway's expert in-house legal team and a panel of five highly reputable law firms that advise the company on its loan transactions. Further, the company is focused on implementing strong control procedures for ongoing loan follow-up and the receipt and making

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of payments. The company has also appointed a dedicated in-house group to monitor at-risk loans, and a special anti-corruption group. The purpose of implementing integrated management systems in 2016 is to reinforce systems and procedures for the reduction and improved monitoring of operational risk.

Other company operations
The risks associated with Export Credit Norway's operations primarily relate to the successful implementation and continued development of critical systems, and compliance with the requirements imposed on the company by central government.

Research and development activities
Export Credit Norway does not have its own research and development (R&D) programme. The Ministry of Trade, Industry and Fisheries has asked the company to prioritise projects that develop new knowledge and technology. Export Credit Norway evaluates projects for which applications are made with regard to the degree of innovation, in accordance with the OECD classification system. Of 278 project applications, 57 were classified as "highly innovative" or "innovative" in 2016, compared to 25 in 2015. Experience shows that around 15 per cent of received applications result in disbursed loans.

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

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

Sustainability, gender equality and diversity
The board of directors gives priority to integrating Export Credit Norway's sustainability and corporate social responsibility efforts into its operations and strategy. In 2016, the company worked on improving sustainability and corporate social responsibility reporting for financed projects. The 2015 annual report contained significantly more detailed discussion of the company's implementation of its public mandate and corporate social responsibility efforts. This expanded discussion has been retained in the annual report for 2016. Further information on the various aspects of this work can be found in section 5 of the company's annual report. Export Credit Norway does not pollute the external environment other than through the effects of office operations and travel customary for a company of its size and type.

At the end of 2016, the company had 48 employees from seven different countries of origin. The company has an even balance between women and men. As at year-end, 60 per cent of the shareholder-elected board members were women, and women also made up 67 per cent of the board of directors as a whole. The proportion of women in the management group was 33 per cent at year-end. Export Credit Norway has adopted guidelines and taken steps to ensure that targeted, planned gender equality and diversity efforts are pursued in the company. In 2016, emphasis was given to adjusting pay and remuneration levels with the aim of eliminating any unfounded gender differentials. Priority was also given to providing equal opportunities for all employees with respect to skills development and the opportunity to qualify for management positions and key roles in the company.

Working environment and skills-building
One of Export Credit Norway's strategic priorities is to have "enthusiastic, expert staff". For the company, this means being a knowledge-based organisation that puts the customer first. Export Credit Norway also systematically promotes knowledge-sharing to improve the robustness of the company, and has in 2016 maintained its continuing professional development programme and secondment programme. The latter allows staff from Export Credit Norway, GIEK and Innovation Norway to spend time at the other organisations. The company's leaders aim to manage by clear objectives, promote productive information-sharing and provide clear feedback on completed work. Export Credit Norway expects its staff to take responsibility, provide each other with constructive, clear feedback, be flexible and contribute to a positive work environment.

The company's overall rate of sick leave was 2.5 per cent in 2016. The short-term sick leave rate was 0.6 per cent, while the figure for long-term sick leave was 1.9 per cent. The board considers these figures satisfactory. No work-related accidents or incidents resulting in significant damage or personal injury occurred or were reported during the year. The company's working environment committee met twice in 2016.

Meetings of the board of directors and the remuneration committee
The board of directors held a total of 15 meetings in 2016 – seven ordinary meetings and eight telephone/circulation meetings. In the autumn of 2015, the board appointed a remuneration committee to prepare matters for consideration by the board. The remuneration committee held 11 meetings in 2016, including five telephone/circulation meetings. The committee worked extensively with the company's pension scheme in 2016, and also dealt with both remuneration-related matters and gender equality and diversity initiatives.

Future outlook
Many Norwegian exporters of capital goods and services are restructuring to adapt to new markets and customers. Accessible, competitive export financing will thus remain a key instrument. In 2016, to bolster expertise and capacity in the areas of market analysis, customer advice, sales and marketing, the company developed a new customer service model, new customer and marketing plans, and a new digital communications strategy. These are now being implemented. The aim is to make every Norwegian export business – regardless of size – that could potentially use export financing to land new contracts aware of the products and services on offer.

It is also important that Export Credit Norway facilitates closer cooperation with other policy instruments to ensure integration of the various services offered to exporters by the public sector. Forecasts indicate that the market for oil and gas equipment will remain weak in 2017, although the maritime industry is expected to record some growth in non-oil and gas segments, such as fishing vessels, wellboats, fish farms and passenger ships. Export Credit Norway has noted signs of reorientation among former offshore suppliers, who are winning new customers in new markets.

Export activity in other industries is uneven, varying by industry and among individual companies. Export Credit Norway is helping more SMBs to tackle the challenges, move further up the supply chain and boost activity levels through exports. Movements in the value of the Norwegian krone relative to other currencies will impact the ability of exporters to reorient themselves and develop in the coming year.

Overall, Export Credit Norway expects lending volumes to continue to decline in 2017 due to reduced investment and lower activity levels in the offshore sector. The company expects to be involved in extensive restructuring of existing loans in this sector in the year ahead.

Oslo, 15 March 2015

Else Bugge Fougner
Board chair

Siri Beate Hatlen
Board member

Ingelise Arntsen
Board member

Finn Ivar Marum
Board member

Øyvind Holte
Board member

Fanny Fabricius Bye
Board member

Otto Søberg
Chief Executive Officer

Annual accounts for 2016

Income statement

All amounts in NOK '000	Note	2016	2015
Other revenues	2	102,619	102,036
Total operating revenues		**102,619**	**102,036**
Salaries and payroll costs	3, 10, 12	68,633	64,817
Depreciation and amortisation	5	3,487	3,774
Other operating expenses	13,14	34,552	33,109
Total operating expenses		**106,672**	**101,701**
Operating profit		**-4,053**	**335**
Financial income		1,558	2,211
Financial expenses		351	197
Net financial items		**1,207**	**2,014**
Profit/loss for the year before tax		**-2,846**	**2,349**
Tax expense	4	-638	1,269
Net profit/loss for the year		**-2,208**	**1,080**

The net loss for the year of NOK 2,208 has been covered by other equity, see Note 9.

Balance sheet

All amounts in NOK '000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	5	3,329	5,895
Means of transport, fixtures and computer	5	970	1,682
Deferred tax asset	4	6,973	6,335
Total fixed assets		**11,272**	**13,912**
Current assets			
Trade receivables	6	2,840	4,390
Other receivables	6	841	356
Deposit fund pensions	10	3,289	0
Bank deposits	7	65,763	65,540
Total current assets		**72,732**	**70,286**
TOTAL ASSETS		**84,004**	**84,198**
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	29,290	31,498
Total equity		**43,207**	**45,414**
LIABILITIES			
Provisions for liabilities			
Pension liabilities	10	9,625	13,126
Investment grant not recognised as income	2	3,573	5,406
Other long-term liabilities	10, 12	5,405	2,360
Total provision for liabilities		**18,603**	**20,892**
Current liabilities			
Trade payables	11	2,880	4,567
Payable public taxes and charges	4, 11	4,197	4,330
Other current liabilities	10, 11, 12	15,117	8,995
Total current liabilities		**22,194**	**17,892**
Total liabilities		**40,797**	**38,784**
TOTAL EQUITY AND LIABILITIES		**84,004**	**84,198**

Oslo, 15 March 2017

Else Bugge Fougner
Board Chair

Siri Beate Hatlen
Board member

Ingelise Arntsen
Board member

Finn Ivar Marum
Board member

Øyvind Holte
Board member

Fanny Fabricius Bye
Board member

Otto Søberg
Chief Executive Officer

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Cash flow statement

All amounts in NOK '000	2016	2015
Cash flow from operations		
Grant	100,786	100,000
Interest income	1,274	1,565
Outflows from operations	102,045	99,478
Net cash flow from operations	**15**	**2,087**
Cash flow from investments		
Investments in tangible fixed assets*	208	0
Net cash flow from investments	**208**	**0**
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	223	2,087
Cash and cash equivalents as at 1 January	65,540	63,453
Cash and cash equivalents as at 31 December	**65,763**	**65,540**

* Purchases of capitalised fixed assets, including intangible assets and fixtures.

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NOTE 1 | ACCOUNTING PRINCIPLES

General principles applicable to the annual accounts
The annual accounts have been prepared, and are presented, in Norwegian kroner (NOK). The annual accounts have been prepared in accordance with good accounting practice and, unless explicitly provided otherwise, the provisions of the Accounting Act (including the basic accounting principles: the transaction principle, the earned income principle, the matching principle and the prudence principle), related regulations and final Norwegian accounting standards in their current form as at 31 December 2016.

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 in accounting estimates are normally recognised in the income statement. All income and costs have been recognised in the income statement. The annual accounts have been prepared in accordance with uniform principles applied consistently over time. The annual accounts have been prepared based on the going-concern assumption.

Information about new accounting standards
The Norwegian Accounting Standards Board adopted certain changes to its standards with effect from 1 January 2015. In the company's view, none of the new/amended accounting standards had 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.

Amortisation and impairment
Amortisation and impairment of tangible fixed assets and intangible assets are based on the assumed economic lifetime of these assets. Future investment decisions will affect expected service life. This may occasion changes to 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 discontinuing the defined-benefit pension scheme for income below 12 Gs, replacing the early retirement pension scheme and performance-based employee remuneration.

Grant/operating revenues
The company receives a grant from the Ministry of Trade, Industry and Fisheries for use in assignments in accordance with the company's objectives. The grant is approved annually by the Storting (the Norwegian parliament), and is awarded by the Ministry in an annual assignment letter. The grant may be a combined operating and investment grant. 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. The investment grant is recognised gross. It is treated as deferred income and is recognised in the income statement as an adjustment to amortisation in accordance with the amortisation period for the associated investment. Accrued grants are recognised as operating revenues in the income statement.

Pensions
In 2016, the company operated both a defined-contribution and a defined-benefit pension scheme. 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 defined-benefit scheme for income below 12 Gs has been discontinued as of 1 January 2017. See Note 10 for further details. Accordingly, no liability has been recognised in the balance sheet as at 31 December 2016 in respect of the defined-benefit scheme for income below 12 Gs.

The liability recognised in the balance sheet primarily relates to the defined-benefit scheme for income over 12 Gs, and represents the present value of the defined benefits on the balance sheet date, 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 linked to defined-benefit schemes is included in salaries and payroll costs, and comprises the accrued pension entitlements for the period, the interest expense on the estimated pension liabilities, the expected return on pension assets, the effect on the income statement of changes in estimates and accrued employer's national insurance contributions.

Value added tax
Export Credit Norway sells services that involve the arranging of financing and that are exempt 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

NOTE 1 (cont.) | ACCOUNTING PRINCIPLES

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.

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 software operational), and is depreciated over its expected useful life (up to five years). Costs relating to the development or maintenance of software are expensed as they arise.

Tangible fixed assets
Tangible fixed assets are recognised in the balance sheet and depreciated on a straight-line basis over their expected economic lifetime. Direct maintenance of such assets is expensed on an ongoing basis under operating expenses, while upgrades and improvements are added to the cost of the asset and depreciated in tandem with it. If the recoverable value of an asset is lower than its book value, the asset is written down to the recoverable amount. The recoverable amount is the higher of net sale value and value in use. 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 profit/loss for the year. The net deferred tax liabilities/deferred tax assets are calculated as 25 per cent of any temporary differences between the accounting and tax values of assets and liabilities, plus any loss carry-forward for tax purposes 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 on the transaction date. 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 | GRANT AND OTHER INCOME

In 2016, the company received an operating/investment grant from the Norwegian State totalling NOK 101 million, excluding value added tax. The company had no other income.

(All amounts in NOK '000)	2016	2015
Operating grant	100,578	100,000
Investment grant recognised in the income statement during the period	2,041	2,036
Total grant recognised in the income statement	**102,619**	**102,036**
Total operating revenues	**102,619**	**102,036**
Change in investment grant recognised in the balance sheet as at 31 December	-1,833	-2,036
Sum tilskudd og andre inntekter	**100,786**	**100,000**

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

(All amounts in NOK '000)	2016	2015
Salaries	48,477	45,634
Employer's national insurance contributions	7,258	6,947
Pension costs	9,283	8,955
Other personnel costs	3,686	3,282
Total salaries and payroll costs	**68,704**	**64,817**

Number of employees	2016	2015
Number of permanent employees as at 31 December	44	43
Number of temporary employees	4	4
Number of employees with signed employment agreements who had not yet started work as at 31 December	3	1
Number of full-time equivalents employed	46	43

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NOTE 4 | TAX EXPENSE

(All amounts in NOK '000)	2016	2015
Calculation of tax payable		
Profit/loss on ordinary operations before tax expense	-2,846	2,349
Permanent differences	293	473
Change in temporary differences	45	-1,700
Basis for tax payable	-2,508	1,122
Tax payable on the profit/loss for the year (25%)	**0**	**303**
Tax payable in the balance sheet comprises		
Tax payable on the profit/loss for the year	0	303
Total tax payable in the balance sheet	**0**	**303**
The tax expense for the year comprises		
Tax payable on the profit/loss for the year	0	303
Change in deferred tax asset	-638	966
Total tax expense for the year	**-638**	**1,269**
Breakdown of the basis for deferred tax		
Operating assets	-1,201	-767
Net pension liabilities	-14,475	-13,126
Investment grant not recognised as income	-3,573	-5,406
Other temporary differences	-6,315	-6,040
Loss carry-forward	-2,508	0
Total temporary differences	-27,892	-25,339
Deferred tax (+)/deferred tax asset (-) as at 31 December	**-6,973**	**-6,335**
Reconciliation of nominal and actual tax rates		
Expected tax at nominal rate (25%)	-711	634
Effect of permanent differences	73	128
Effect of change in tax rate (25%) on calculation of deferred tax/tax asset	0	507
Tax expense per income statement	**-638**	**1,269**

NOTE 5 | INTANGIBLE ASSETS AND FIXED ASSETS

2016 *(All amounts in NOK '000)*	Intangible assets	Fixtures	Computer equipment	Art	Sum
Acquisition cost 1 January 2016	12,543	3,439	2,297	28	18,307
Acquisitions of operating assets	71	137	0	0	208
Disposals of operating assets	0	0	425	0	425
Acquisition cost 31 December 2016	12,614	3,576	1,872	28	18,090
Accumulated amortisations 1 January 2016	6,648	2,005	2,077	0	10,730
Amortisations for the year	**2,637**	**693**	**156**	**0**	**3,487**
Reversed amortisations on assets disposed of	0	0	425	0	425
Book value 31 December 2016	**3,329**	**878**	**64**	**28**	**4,299**
Useful life	4-5 years	5 years	3 years		
Depreciation schedule	Linear	Linear	Linear	Not depreciated	

2015 *(All amounts in NOK '000)*	Intangible assets	Fixtures	Computer equipment	Art	Sum
Acquisition cost 1 January 2015	12,543	3,439	2,297	28	18,307
Acquisitions of operating assets	0	0	0	0	0
Disposals of operating assets	0	0	0	0	0
Acquisition cost 31 December 2015	12,543	3,439	2,297	28	18,307
Accumulated amortisations 1January 2015	4,034	1,317	1,604	0	6,955
Amortisations for the year	**2,614**	**688**	**473**	**0**	**3,775**
Reversed amortisations on assets disposed of				0	0
Book value 31 December 2015	**5,895**	**1,434**	**220**	**28**	**7,577**
Useful life	4-5 years	5 years	3 years		
Depreciation schedule	Linear	Linear	Linear	Not depreciated	

NOTE 6 | TRADE RECEIVABLES AND OTHER RECEIVABLES

(All amounts in NOK '000)	2016	2015
Trade receivables	2,663	3,248
Disbursements re-invoiced to borrowers	23	1,142
Receibables to the State in respect of recognizes losses	155	0
Provision for losses on receivables	0	0
Total short-term receivables	**2,840**	**4,390**
Total pre-payments to suppliers	**841**	**356**

NOTE 7 | BANK DEPOSITS

As at 31 December 2016, the company held NOK 65.8 million in bank deposits, including NOK 2.4 million in tax deducted at source.

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NOTE 8 | SHARE CAPITAL AND SHAREHOLDER INFORMATION

The company's share capital totalled NOK 10 million as at 31 December 2016, made up of 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)	Aksjekapital	Overkurs	Annen EK	Sum
Equity 31 Dec. 2015	**10,000**	**3,917**	**31,498**	**45,414**
Profit/loss for the year	0	0	-2,208	-2,208
Equity 31 Dec. 2016	**10,000**	**3,917**	**29,290**	**43,207**

NOTE 10 | PENSION COSTS

The company is obliged to have an occupational pension scheme pursuant to the Act on Mandatory Occupational Pensions. The company has established a pension scheme which meets the requirements in the Act on Mandatory Occupational Pensions, in the form of a closed, now discontinued, 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 operated a defined-contribution scheme in accordance with the Act on Mandatory Occupational Pensions in 2016. The premium rates are 5 per cent of salary between one and six Gs (G = the Norwegian national insurance scheme basic amount), and 8 per cent of salary from six to 12 Gs. In 2016, there were 23 members of the defined-contribution scheme below 12 Gs.

Four senior executives are also members of a defined-contribution scheme for salary above 12 Gs. The scheme includes external funding corresponding to 30 per cent of salary above 12 G.

Defined-benefit scheme

Twenty-five of a total of 29 employees transferred from Eksportfinans ASA upon the establishment of Export Credit Norway were members of a closed collective defined-benefit scheme in 2016. The scheme is funded through an insurance company. The scheme was discontinued on 31 December 2016. As of 1 January 2017, all employees are members of a defined-contribution scheme for income below 12 Gs in accordance with the provisions applicable from 1 January 2017. Partial compensation will be provided for the replacement of the pension scheme, and a provision of NOK 8.3 million was made in this connection in 2016. NOK 8.1 million of the sum relates to the defined-benefit scheme for income under 12 Gs. Compensation will be provided in respect of a six-year period, and will be disbursed in equal monthly instalments over three years.

One senior executive and one other employee transferred from Eksportfinans ASA have individual agreements concerning a defined-benefit scheme for salary above 12 Gs. These agreements have not been discontinued as of 31 December 2016.

See Note 12 for an overview of salaries and other remuneration paid to senior executives.

The pension costs have been calculated by an actuary in accordance with the recommendations of NRS 6 (Norwegian accounting standard 6). Pension costs and liabilities include employer's national insurance contributions and financial transaction tax.

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

NOTE 10 (cont.) | PENSION COSTS

2016 *(All amounts in NOK '000)*

Net pension costs (defined-benefit)	Funded scheme	Unfunded scheme	Total
Present value of accrued pension entitlements for the year	3,293	621	3,914
Interest expense on pension liabilities	1,528	194	1,722
Expected yield on pension assets	-1,588	0	-1,588
Estimate deviations recognised in the income statement	173	-40	133
Settlement of defined-benefit scheme for income below 12 Gs	-5,889	-302	-6,191
Employer's national insurance contributions	456	115	571
Net pension costs defined-benefit scheme	**-2,027**	**588**	**-1,439**

2016 *(All amounts in NOK '000)*

Liabilities recognised in the balance sheet (defined-benefit)	Funded scheme	Unfunded scheme	Total
Accrued pension liabilities	0	-8,130	-8,130
Pension assets at market value	3,289	0	3,289
Estimate deviations not recognised in the income statement	0	-1,495	-1,495
Net pension assets (+)/liabilities (-)	**3,289**	**-9,625**	**-6,337**
Of which employer's national insurance contributions	0	1,304	1,304

Assumptions	31 Dec. 2016	31 Dec. 2015
Discount rate	2.60%	2.70%
Expected yield on pension assets	3.60%	3.30%
Expected salary increases	2.50%	2.50%
Expected adjustment in the national insurance scheme basic amount (G)	2.25%	2.25%
Expected pension adjustment	0.00%	0.00%
Mortality table applied	K2013	K2013

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

2015 *(All amounts in NOK '000)*

Total net pension costs	2016	2015
Net defined-benefit pension costs	-2,092	5,905
Employer's national insurance contributions on premiums paid into defined-benefit pension scheme	653	684
Expensed early retirement (AFP) pensions	551	496
Replacement of pension scheme	8,343	0
Net defined-contribution pension costs	1,828	1,870
Total net pension costs	**9,283**	**8,955**

Export Credit Norway has concluded an agreement with Eksportfinans ASA (Eksportfinans) that contains a conditional obligation to repay to Eksportfinans an amount received in 2013 by way of settlement of occupational pension scheme liability if a senior executive resigns from Export Credit Norway during a specified period of time. Export Credit Norway considers it less than 50 per cent likely that the employee in question will resign by the specified date. Based on this probability calculation, Export Credit Norway considers it unlikely that the amount will be repaid to Eksportfinans in full or in part. Therefore, in accordance with NRS 13, no provision has been made for this conditional liability to Eksportfinans in the 2016 accounts.

NOTE 11 | CURRENT LIABILITIES

(All amounts in NOK '000)	2016	2015
Trade payables	2,880	4,567
Tax payable	0	303
Other public taxes and charges payable	4,197	4,027
Provision for liabilities	6,855	4,094
Provision for holiday pay	5,010	4,633
Pension compensation defined-benefit	2,733	0
Pre-payments received from customers	519	268
Total current liabilities	**22,194**	**17,892**

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

Board declaration on salaries and other remuneration paid to senior executives

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

Remuneration guidelines

Export Credit Norway has drawn up guidelines to ensure that salary policies and salary schemes are uniform throughout the company. The company 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 on the basis of a recommendation from the remuneration committee, while the CEO determines the remuneration of other executives in consultation with the board.

Remuneration elements

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

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

Performance-related remuneration is subject to annual review, and the scale is set by the company's board on the basis of a recommendation from the remuneration committee. Performance-related remuneration is set based on both an overall assessment and criteria which the employee can influence. These criteria relate to the company's objectives, action plans and values in specific areas (as adopted at the beginning of each year). The company's objectives are operationalised in the form of scorecards intended to support the company's sector policy objectives as defined in the articles of association, as well as the objectives set by the owner. The performance-related remuneration scheme is the same for all employees, including senior executives, and is subject to a ceiling of 1.5 months' fixed salary. Senior executives are offered benefits-in-kind such as newspapers/magazines and telephone/communication arrangements. Such benefits-in-kind are not material in size compared with an employee's fixed salary.

In addition to the ordinary pension scheme, some senior executives are members of a defined-contribution scheme for salary above 12 Gs. This defined-contribution scheme was established before central government adopted new guidelines. The new guidelines require the pension arrangements for senior executives hired after 13 February 2015 to be equivalent to the terms applicable to other company employees. One senior executive transferred from Eksportfinans ASA has an individual agreement concerning a defined-benefit pension for salary above 12 Gs. See Note 10 for a complete list of pension benefits.

Individual schemes

The CEO has an agreement granting severance pay for up to one year after leaving the company. This arrangement is in accordance with central government guidelines. The company's former CEO left in June 2016, and new CEO was appointed as of December 2016. One senior executive transferred from Eksportfinans ASA has maintained an individual agreement on severance pay. No other senior executives have agreements on severance pay. The CEO and most of the 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.

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

Remuneration paid to senior executives

2016 *(All amounts in NOK '000)*	Salary [1]	Allocated bonus [2]	Other remuneration [3]	Pension [4]
Otto Søberg [5]	242	0	14	0
Jarle Roth [5]	1,792	0	92	289
Eli Skrøvset	1,868	162	170	319
Olav Einar Rygg	1,899	132	171	469
Ivar Slengesol	1,522	121	175	316
Tobias Hvinden	1,341	116	181	311
Ellen B. Svaheim	910	43	20	162
Marie Sørli [6]	1,111	80	25	192
Jostein Djupvik [7]	101	109	14	288

2015 (All amounts in NOK '000)	Salary [8]	Allocated bonus [9]	Other remuneration [3]	Pension
Jarle Roth	2,752	0	175	578
Eli Skrøvset	1,827	135	171	311
Olav Einar Rygg	1,489	120	173	611
Ivar Slengesol [10]	1,360	118	182	611
Tobias Hvinden	1,305	129	175	349
Jostein Djupvik	1,223	121	174	337
Ellen B. Svaheim [11]	73	100	3	192

1) Salary, holiday pay and compensation for holding a temporary position disbursed in 2016.
2) Shows bonus accrued in 2016 and disbursed in 2017, including holiday pay due to be disbursed in 2018.
3) 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.
4) 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 assuming stable economic prospects. The increase thus includes both pensions accruals during the year and the interest element linked to total accrued pension rights. The table shows the estimated change in value from 1 January to 31 December for all persons. The pension arrangements also include a defined-contribution scheme.
5) Jarle Roth left the post of CEO on 30 June 2016 in order to take up a role at another company. Otto Søberg took up the post of CEO as of 1 December 2016.
6) Marie Sørli became a temporary member of the management group on 1 February 2016. Salary and other remuneration have only been reported for 11 months in 2016.
7) Jostein Djupvik has been on leave from the management group since 1 February 2016. Salary and other remuneration have only been reported for one month in 2016.
8) Salary and holiday pay disbursed in 2015.
10) The pension figure includes a payout of NOK 253,000 in respect of the capital value of previously accrued entitlement under the defined-benefit pension for salary above 12 Gs upon discontinuation of the pension scheme.
11) Ellen B. Svaheim became a member of the management group as of 1 February 2015. Salary and other remuneration have only been reported for December 2015.

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

Godtgjørelse til styret

(Alle tall i tusen NOK)	2016	2015
Else Bugge Fougner (styreleder) [12]	330	309
Siri Hatlen [12]	205	186
Finn Ivar Marum	190	186
Ingelise Arntsen [13]	111	0
Øivind Holte [13]	111	0
Trude Husevåg [13]	79	186
Arild Vik [13] [14]	79	112
Øivind Kristian Rue [14]	0	74
Fanny Fabricius Bye [12] [15]	114	0
Jørgen Hauge (observatør) [15] [16] [17]	112	208
Laila Johnsen (observatør) [13] [17]	13	0
Marie Sørli (observatør) [17]	3	36

12) Includes fees for participation in the board of directors and the remuneration committee.
13) Ingelise Arntsen and Øivind Holte replaced Trude Husevåg and Arild Vik on the board after the general meeting on 6 June 2016.
14) Arild Vik took over the post of board member from Øivind Kristian Rue on 22 May 2015.
15) Fanny Fabricius Bye replaced Jørgen Hauge as employee-elected board member as of 6 June 2016.
16) In 2015, Hauge was paid NOK 22,000 in arrears in respect of board remuneration for 2013 and 2014. The payments in arrears are due to errors in previous payments.
17) The board remuneration for observers was NOK 37,000 in 2016 and NOK 36,000 in 2015.
Jørgen Hauge has been an observer since 6 June 2016.
Laila Johnsen was an observer from 1 February to 6 June 2016.
Marie Sørlie was an observer from 1 January to 1 February 2016.

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)	2016	2015
Statutory audit	212	252
Tax advice	24	12
Other certification services	21	35
Other non-audit services	0	0
Total auditor's fees	**257**	**299**

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 2016, the building in which the offices are located was sold to PEC Hieronymous AS.

The rental cost totalled NOK 4.3 million for the year (2015: NOK 4.2 million), including running and shared costs.

NOTE 15 | RELATED PARTIES

Export Credit Norway has no ownership interests in other companies.

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

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

At the end of 2016, 74 per cent of the lending portfolio under the export credit scheme was guaranteed by GIEK. GIEK is an administrative body, and thus part of the Norwegian State's legal person, whereas Export Credit Norway is an independent legal person wholly-owned by the Norwegian State. An important principle is that the conditions that apply in transactions involving GIEK and Export Credit Norway must be determined on an independent basis. GIEK is not considered a related party.

NOTE 16 | FINANSIELL MARKEDSRISIKO

Export Credit Norway's financial market risk is limited. The company re-invoices expenses related to external assistance to borrowers. Agreement has been reached with the company's owner, the Ministry of Trade, Industry and Fisheries, that losses associated with such re-invoicing will be covered by central government the year after the losses arise.

NOTE 17 | EVENTS AFTER THE BALANCE SHEET DATE

The company is not aware of events after the balance sheet date that affect the 2016 annual accounts.

Annual report 2016

KPMG

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To the General Meeting of Eksportkreditt Norge AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eksportkreditt Norge AS showing a loss of NOK 2 208 000. The financial statements comprise the balance sheet as at 31 December 2016, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2016, and 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.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of The Board of Directors and the Managing Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Annual report 2016

Auditor's Report - 2016
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 coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on 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 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 2017
KPMG AS

Ole Christian Fongaard
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Executive Officer
Alexa Elizabeth Belandria Ojeda 22241025

Our date	Our reference
17.03.2017	2017/00388-1
Your date	Your reference

Riksrevisjonen

EKSPORTKREDITT NORGE AS
Postboks 1315 Vika
0112 OSLO

Audit of the loan scheme 2016

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 2016 annual accounts of the Ministry of Trade and Fisheries, Riksrevisjonen has audited the loan accounts, including management of the loan scheme by Eksportkreditt Norge AS.

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

By authority

Hans Conrad Hansen

Elisabeth Slaatbråten Farr
deputy director general

This document has been approved and dispatched electronically, hence no signatures.

Copy: THE MINISTRY OF TRADE AND FISHERIES

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9 Enclosures

LENDING ACCOUNT 2016

Cash flow statement for the export credit scheme

(All figures in NOK million)	Note	2016	2015
New disbursements	1	10,121	17,863
Interest income	1	1,711	1,557
Fee income	1	20	41
Repayments	1	8,922	8,498

Capital account – accounts receivable

(All figures in MNOK)	Note	2016	2015
Opening balance 1 January	2	63,831	54,467
New disbursements	2	10,121	17,863
Repayments	2	-8,922	-8,498
Corrections	1, 2	11,474	-
Total changes during the period	2	12,674	9,365
Closing balance 31 December	2	76,505	63,831

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 were previously recorded at historical cost, i.e. at the exchange rates used when the loans were disbursed. This has been changed with effect from 2016, and repayments are now also recorded in accordance with the actual exchange rate.

NOTE 2 | CAPITAL ACCOUNT

The opening balance is recorded in accordance with historical rates, i.e. the rates used when the loans were disbursed. New disbursements and repayments are recorded in accordance with the actual exchange rates. Loans in foreign currencies at year-end are adjusted according to Norges Bank's exchange rates on the final banking day in 2016.

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COST-BENEFIT ANALYSIS FOR THE EXPORT CREDIT SCHEME 2016

The 2016 cost-benefit analysis has been drawn up under the same principles as the cost-benefit analyses for previous years.

- The State's financing cost is set at the beginning of the year for which the cost-benefit analysis is to be prepared. The aim is to reflect the fact that the State provides annual funding. The starting point is the government bond rate with an almost identical average maturity as the respective lending portfolios. When financing costs are specified in a foreign currency, the interest cost in that currency is calculated by means of an adjustment using an interest/currency swap reflecting the interest rate level of that currency.
- The different portfolios are defined as CIRR loans and market loans. These in turn are divided into loans in NOK and loans in foreign currencies, and into the different interest-fixing periods for market loans (3M and 6M IBOR).
- Average maturity is defined as the weighted average maturity of the portfolio from the beginning of the year of calculation until the maturity date.
- The average portfolio size is calculated as follows: (opening balance + closing balance)/2. The balances on 1 January, 30 June and 31 December are used to calculate the average.
- Interest income in foreign currencies will be converted into NOK using the average exchange rates on the first and last banking days of the year. The balances on 1 January, 30 June and 31 December are used to calculate the average.
- A supplement is included in respect of the State's administration costs connected to financing. This is set at 15 bp, which equals the administration cost notified to ESA in connection with the market pricing of loans.
- A loan loss provision is deducted. This is set at 2 bp, in accordance with the adopted credit policy.
- The administration costs equal the amount of the grant received by Export Credit Norway from the State for the administration of the export credit scheme.

The cost-benefit analysis for 2016 shows a weak decline in profits compared to 2015, driven by a reduced net interest margin on market loans. The depreciation of NOK against USD has boosted interest income in NOK on loans denominated in foreign currencies, but this has been insufficient to compensate for higher financing costs. The latter is due to market conditions. In the case of the CIRR portfolio, different currencies have had opposing effects, although the net effect (including volume growth) is that the annual profit/loss is approximately on a par with the preceding year. The net interest margin for the market loan portfolio has suffered as a result of both a reduced lending margin (over IBOR) and higher financing costs (relative to IBOR), with the latter having the greatest impact. This has reduced profits on market loans in 2016.

CIRR loans

Interest income (NOK million)	NOK	USD	GBP	EUR
Weighted CIRR for the lending portfolios	**2.91%**	**2.42%**	**2.99%**	**2.71%**
Funding cost	0.90%	1.40%	1.06%	-0.42%
Administration costs covered by the State	0.15%	0.15%	0.15%	0.15%
Funding cost incl. administration costs	**1.05%**	**1.55%**	**1.21%**	**-0.27%**
Net interest margin	**1.85%**	**0.87%**	**1.78%**	**2.98%**
Average portfolio – foreign currencies	16,126	3,337	30	81
Average portfolio – NOK	16,126	28,758	353	757
Net interest income	299	251	6	23
Loss provisions (2 bp)	3	6	0	0
Net interest income less loss provisions	**296**	**245**	**6**	**22**
Total net interest income	**570**			

Market loans

	NOK		USD		GBP		EUR	
Interest income (MNOK)	3 M NIBOR	6 M NIBOR	3 M LIBOR	6 M LIBOR	3 M LIBOR	6 M LIBOR	3 M LIBOR	6 M LIBOR
Weighted average margin	**63.95**	**74.38**	**90.57**	**77.91**	**-**	**100.32**	**-**	**40.18**

	NOK		USD		GBP		EUR	
Interest cost	3 M NIBOR	6 M NIBOR	3 M LIBOR	6 M LIBOR	3 M LIBOR	6 M LIBOR	3 M EURIBOR	6 M EUIBOR
NOK swap spread	31.93	-31.93	-31.93	-31.93	31.93	31.93	31.88	31.88
FX swap			9.13	9.13	4.01	4.01	15.44	15.44
Basis swaps (3M v. 6M)		-9.91		-13.80		12.13		11.55
Swap spread IBOR	**31.93**	**-41.84**	**-22.80**	**-36.60**	**27.92**	**40.05**	**47.32**	**58.87**
Administration costs covered by the State (bps)	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Funding cost incl. administration costs	**16.93**	**-26.84**	**-7.80**	**-21.60**	**12.92**	**25.05**	**32.32**	**43.87**
Net interest margin (bps)	**80.88**	**101.22**	**98.37**	**99.51**	**12.92**	**125.37**	**32.32**	**84.05**
Average portfolio – foreign currencies	3,606	3,980	1,735	795	-	23	-	64
Average portfolio – NOK	3,606	3,980	14,953	6,850	-	265	-	600
Net interest income	**29**	**40**	**147**	**68**	**-**	**3**	**-**	**5**
Loss provisions (2 bp)	1	1	3	1	-	0	-	0
Net interest income less loss provisions	**28**	**39**	**144**	**67**	**-**	**3**	**-**	**5**
Total net interest income	**287**							

(MNOK)	1 Jan. – 31 Dec. 2016	1 Jan. – 31 Dec. 2015
Total net interest income	857	866
Fee income	20	41
Total income	**877**	**907**
Administration costs	101	100
Result for the export credit scheme	**776**	**807**

The following maturities and exchange rates have been used in the calculations for 2016:

	NOK	USD	GBP	EUR
Average maturity (CIRR)	5 years	5 years	5 years	5 years
Average maturity (market)	3 years	3 years	3 years	2 years
Exchange rate (average)	1	8.6167	11.6457	9.3449

JOINT INDUSTRY DISTRIBUTION WITH GIEK*

Lending balance as at 31 December 2016

Industry	Oil and gas	Other industries	Renewable energy	Total
Lending volume (MNOK)	72,314	3,144	1,047	**76,505**
- of which ships and ship equipment	63,591	2,836	342	**66,769**
Number of loans under management	187	40	6	**233**
- number of loans, ships and ship equipment	169	29	4	**202**

Applications 2016

Industry	Oil and gas	Other industries	Renewable energy	Total
Volume (MNOK)	162,523	33,628	12,992	**209,143**
Proportion maritime	7,070	23,542	8,253	**38,865**
Number	94	133	51	**278**
Proportion maritime	26	65	19	**110**

* The distribution shows the lending balance and applications received in 2016 in a joint presentation agreed with GIEK at the request of the Ministry of Trade, Industry and Fisheries.

STATEMENT ON GOVERNANCE AND COMPANY MANAGEMENT

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

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

Sections 1 to 15 below describe the company's observance of the individual parts of NUES. The statement provides a general account of fulfilment of the principles, the reasons for any non-conformances and the steps taken by Export Credit Norway in response to non-conformances.

1. Implementation and reporting on corporate governance

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

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

Export Credit Norway has developed an integrated framework for risk management and internal control. The framework was fully implemented in 2016. The company's aim is for all employees to have an awareness of internal control and operational risk management as an integral part of their daily routines.

2. Business

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

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

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

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

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

3. Equity and dividends

Export Credit Norway's equity totalled NOK 45.4

million as at 31 December 2016, and is considered appropriate in view of the company's needs. The company's operational model provides that loans and loan-related items are recorded directly in the central government accounts, and the company accounts therefore include only grants from the State and costs relating to the company's ordinary operations.

The company's operational model is based on annual grants from the company's owner that are adjusted in view of the company's cost level, and accordingly no dividends are normally paid. The general meeting will resolve any dividend distribution, but will not be bound by the board's proposal in this regard; see section 20-4(1)(4) of the Limited Liability Companies Act.

4. Equal treatment of shareholders and transactions with close associates

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

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

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

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

5. Freely negotiable shares

Pursuant to section 2 of the Export Credit Act and Article 5 of the company's articles of association, all shares in the company must be owned by the Norwegian State as represented by the Ministry of Trade, Industry and Fisheries. Accordingly, the NUES recommendation in this section is deemed inapplicable to the company.

6. General meetings

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

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

The minutes of ordinary general meetings are published on the company's website.

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

7. Nomination committee

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

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

Export Credit Norway has no corporate assembly.

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

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

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

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

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

9. The work of the board of directors

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

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

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

Export Credit Norway has considered establishing an audit committee. The company has no listed securities and is not required to engage in external reporting other than to the Ministry of Trade, Industry and Fisheries as owner and through the issuance of annual accounts in accordance with the Accounting Act. Moreover, the lending scheme administered by the company is subject to the jurisdiction of the Office of the Auditor General of Norway. The company has also established an internal audit function covering both the lending scheme and the company's operations. The board has therefore concluded that no audit committee is required, and decided that none should be established.

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

The board evaluates its performance and expertise

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annually.

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

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

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

11. Remuneration of the board of directors
Board remuneration is set by the general meeting. Remuneration is not performance-linked. Board members, and companies with which they are associated, have not accepted specific assignments for the company in addition to the board appointment. Separate remuneration has been set for work done on the remuneration committee. The remuneration received by each board member is detailed in a note to the annual accounts.

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

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

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

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

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

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

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

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

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

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