

EKSPORTKREDITT

Export Credit Norway

QUARTERLY REPORT
Q1 2017



LOAN DISBURSEMENTS IN MANY DIFFERENT SECTORS

Export Credit Norway's lending balance totalled NOK 75.8 billion at the end of Q1 2017. The company disbursed NOK 1.9 billion in new loans during the quarter, providing financing for a broad range of projects and products, including drill packages, cable-laying vessels, construction ships, telecommunications equipment and warehouse management systems. Export Credit Norway also financed a trawler built at a Norwegian yard for the first time.

DEVELOPMENTS IN THE LENDING PORTFOLIO

Export Credit Norway's lending portfolio totalled NOK 75.8 billion as at 31 March 2017. Exchange rate movements, particularly against the US dollar, reduced the lending balance by NOK 258 million in Q1 2017, compared to Q4 2016¹. Market loans accounted for 38% (Q1 2016: 39%) of the lending balance at quarter-end, while fixed rate (CIRR)² loans accounted for 62% (Q1 2016: 61%). Some 17% of disbursements during the quarter took the form of market loans, while 83% took the form of CIRR loans.

Repayments in Q1 2017 amounted to NOK 2.0 billion, while early loan redemptions totalled NOK 440 million. Export Credit Norway received NOK 364 million in interest income from its lending activities during the quarter.³

DEVELOPMENTS IN THE APPLICATION VOLUME AND ORDER BOOK

In the first quarter, Export Credit Norway received 65 loan applications representing a total application volume of NOK 48.3 billion. Although the total number of applications was lower than in the first quarter of last year, the application volume increased (Q1 2016: 72 applications/application volume of NOK 39.9 billion).

Of the total number of applications received by Export Credit Norway in Q1 2017, 58% (Q1 2016: 57%) were related to projects in the oil and gas

and maritime industries, while the remaining 42% (Q1 2016: 43%) concerned financing for projects in the industry and environmental technology sector.

Export Credit Norway calculates a probability-adjusted order book – the company's best estimate of future loan disbursements linked to the loan applications it has received. As at 31 March 2017, the probability-adjusted order book totalled NOK 15.5 billion. The non-probability-adjusted order book totalled NOK 20.9 billion as at the same date in 2016. At the end of Q1 2017, the probability-adjusted order book was distributed as follows: maritime industries (ships and ship equipment): 63%; oil and gas: 24%; industry and environmental technology: 13%.

GUARANTEE ARRANGEMENTS AND INSTALMENT DEFERMENTS

As at quarter-end, 73.6% of the company's lending portfolio was guaranteed by GIEK. The remaining 26.4% of the portfolio was guaranteed by Norwegian banks (13.5%) and foreign banks (12.8%). The largest individual guarantor among the Norwegian banks had a portfolio share of 8%, while the corresponding figure for the largest foreign bank guarantor was 2.6%. As at 31 March 2017, the lowest rating class in the company's guarantor portfolio was BBB.

Export Credit Norway is processing a large number of instalment deferments and

loan restructurings, primarily occasioned by the challenging market conditions faced by many borrowers following the decline in oil prices. While some companies completed restructurings in 2016, further large-scale restructurings are expected to follow in 2017, particularly in the rig sector. Since the economic downturn has proven to be more prolonged than many initially expected, it may additionally become necessary to implement further refinancing and restructuring of loans to certain borrowers that have already been refinanced or restructured previously.

FUTURE OUTLOOK

The number of loan applications is stable and high. Long-term export financing is an important tool for exporters of capital goods manufactured in Norway. As a result of the downturn in offshore-related activity, however, we anticipate a lower disbursement volume in future. Nonetheless, there is a strong inflow of potential new transactions involving mainland industry, maritime sectors excluding offshore and certain oil and gas segments.

Export Credit Norway will maintain its efforts to intensify operational and strategic collaboration with GIEK, Innovation Norway and GIEK Kredittforsikring. Coordination of this kind boosts the value of the policy instruments for individual exporters. Export Credit Norway will also continue to focus on cooperation with exporters at an early

¹ The Norwegian krone appreciated against the US dollar from Q4 2016 to the end of Q1 2017.

² CIRR (Commercial Interest Reference Rate) loans are made in accordance with the OECD agreement on officially supported export credits. The interest rate is based on the rate on government bonds in a given currency, and is set by the OECD on the 15th of each month. CIRR loans may be made in all OECD currencies. Repayment periods vary from two to 12 years. Loans made for certain defined purposes may have repayment periods of up to 18 years.

³ Interest income is stated at the actual exchange rate.

project stage to market export financing as a sales argument.

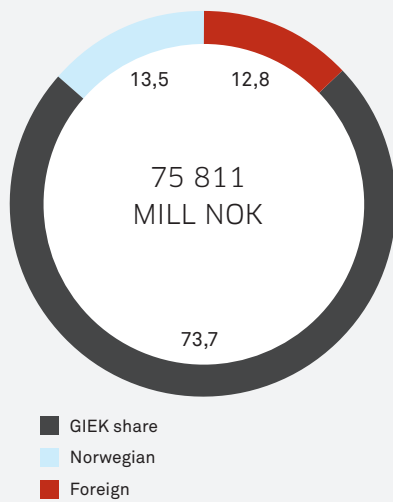
Export Credit Norway's increasingly complex portfolio of transactions in emerging sectors and markets demands

effective cooperation with Norwegian and international banks with local expertise in transaction implementation. Evaluation of digital solutions for application processing and project execution will remain a priority going forward.

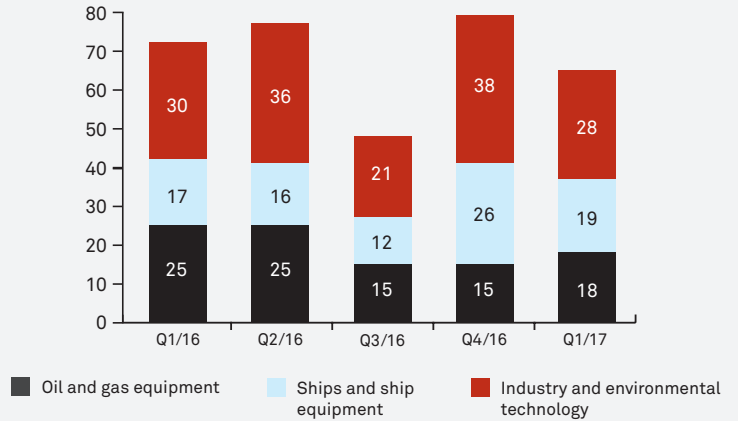
MANAGEMENT AND OPERATIONS

In the first quarter of 2017, Export Credit Norway's administrative costs equalled 0.04% of the lending balance. This figure is on a par with preceding quarters.

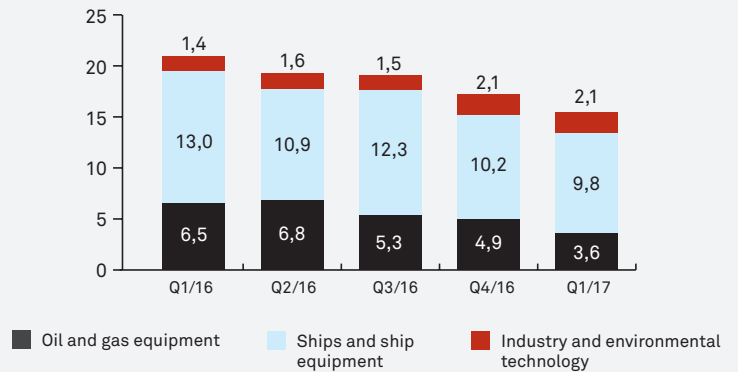
LENDING PORTFOLIO GUARANTORS (PERCENTAGES)



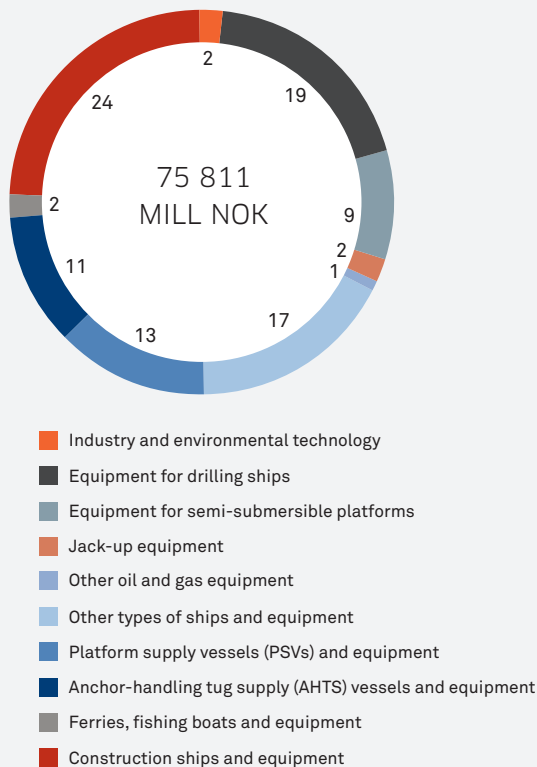
NUMBER OF LOAN APPLICATIONS BY SECTOR AND QUARTER



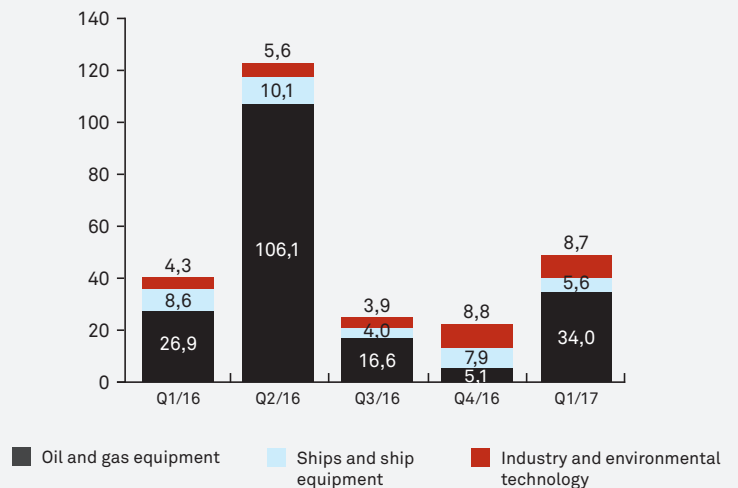
DEVELOPMENT OF THE PROBABILITY-ADJUSTED ORDER BOOK (NOK BILLION)



LENDING PORTFOLIO BY SEGMENT (PERCENTAGES)



DEVELOPMENT OF THE APPLICATION VOLUME (NOK BILLION)



Totals in tables and figures may vary due to rounding.

KEY FIGURES FOR THE LENDING PORTFOLIO AS AT 31 MARCH 2017

QUARTERLY LENDING BALANCE BY CURRENCY AND LOAN TYPE

(All figures in NOK million)

| Currency ⁴ | Balance 31 March 2016 | Balance 30 June 2016 | Balance 30 Sept. 2016 | Balance 31 Dec. 2016 | Balance 31 March 2017 |
|-----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| CIRR LOANS | | | | | |
| NOK | 16 564 | 16 200 | 16 034 | 15 369 | 14 955 |
| GBP | 361 | 337 | 308 | 309 | 258 |
| JPY | | | | | 94 |
| EUR | 629 | 614 | 782 | 1 028 | 1 090 |
| USD | 27 739 | 28 663 | 28 749 | 30 004 | 30 420 |
| SEK | | | 34 | 39 | 45 |
| Total | 45 293 | 45 814 | 45 906 | 46 749 | 46 862 |
| MARKET LOANS | | | | | |
| NOK | 7 450 | 7 647 | 7 713 | 7 645 | 7 704 |
| GBP | 273 | 256 | 227 | 229 | 231 |
| EUR | 589 | 582 | 554 | 560 | 548 |
| USD | 20 962 | 21 128 | 18 403 | 21 322 | 20 465 |
| Total | 29 274 | 29 613 | 26 897 | 29 756 | 28 949 |
| TOTAL | | | | | |
| NOK | 24 014 | 23 848 | 23 747 | 23 014 | 22 659 |
| GBP | 633 | 593 | 534 | 537 | 489 |
| JPY | | | | | 94 |
| EUR | 1 217 | 1 196 | 1 336 | 1 588 | 1 638 |
| USD | 48 702 | 49 791 | 47 153 | 51 326 | 50 885 |
| SEK | | | 34 | 39 | 45 |
| Total | 74 567 | 75 428 | 72 803 | 76 505 | 75 811 |

LENDING PORTFOLIO BY SECTOR

| | (NOK million) | Share |
|--------------------------|---------------|--------------|
| Oil and gas equipment | 23 843 | 31,5 % |
| Ship equipment | 3 006 | 4,0 % |
| Ships | 47 466 | 62,6 % |
| Environmental technology | 1 037 | 1,4 % |
| Industry | 458 | 0,6 % |
| Total | 75 811 | 100 % |

COSTS (PERCENTAGE OF TOTAL LENDING PORTFOLIO, SHARE OF LOANS DISBURSED DURING THE PERIOD)

| (All amounts in NOK million) | Q1-2016 | Q2-2016 | Q3-2016 | Q4-2016 | Q1-2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| Lending balance at end of period | 74 567 | 75 428 | 72 803 | 76 505 | 75 811 |
| Costs during the period | 24,7 | 21,3 | 25,1 | 32,5 | 27,4 |
| Administrative costs as a percentage of the lending balance⁵ | 0,03 % | 0,03 % | 0,03 % | 0,04 % | 0,04 % |

⁴ The amounts have been converted into NOK based on Norges Bank's mid-rate on the last banking day of the month.

⁵ Balance at quarter-end.

Totals in tables and figures may vary due to rounding.