

EXCERPTS FROM THE
ANNUAL REPORT

2023



Green export requires capital and predictability

The high volume of new loans and guarantees demonstrates that Norwegian export companies are competitive and have navigated well through geopolitical and financial uncertainty. Eksfin's long-term stability and high creditworthiness are particularly valuable for Norwegian companies and their international customers in uncertain times. Our financing schemes mirror similar offerings by export credit institutions in other countries, ensuring competitive conditions for Norwegian export industries.

Our core mission is to increase exports by offering competitive financing. With combined risk limits of NOK 195 billion in 2024, Eksfin has powerful tools to support the Government's goal of a 50 per cent increase in mainland exports by 2030. At the same time, Eksfin's financing will contribute to the green industrial transition. As the figure on page 24 shows, transactions in renewable energy and other green industries constitute the majority of Eksfin's new business. This growth reflects the international competitiveness of Norwegian exporters financed by Eksfin.

Our key transactions in 2023 include Norwegian deliveries from Aibel and Seaway 7 to offshore wind projects in the UK and Taiwan, carbon capture facilities from Aker Carbon Capture to Denmark, and solar power from Scatec to South Africa and Brazil. The largest transaction of the year was Kongsberg Defence and Aerospace's contract to Poland. A strong increase in demand for our construction loan scheme for shipbuilding shows an encouraging improvement for Norwegian shipyards after several challenging years. These newbuilds are for offshore wind as well as passenger traffic. There has also been high activity in fisheries and aquaculture, with financing for projects like land-based fish farming in Norway, fishing vessels to the Faroe Islands, and equipment exports to Iceland.

In the autumn of 2023, we launched the Working Capital Guarantee – an important new product to help

small and medium-sized enterprises (SMEs) with exports. SMEs are often more exposed to liquidity fluctuations during financial turmoil than larger companies. Customers receive working capital guarantees from Eksfin through their banks. More and more banks are signing framework agreements with us. Eksfin also assists new customers in emerging industries with other financing solutions.

Green transition and emission cuts in industry are a balancing act between potential climate impact, export, and financial risk. A financing gap often remains after owners and banks have reached their limits. This gap can be financed by government agencies in order to attract investments and create green jobs. Still there is risks associated with investments in new technologies. In this context, predictable price regimes, cost structures, and risk-sharing between private and public actors are fundamental premises. Eksfin's financing schemes are long-term: predictable, and build trust between buyer, seller, and bank both domestically and internationally. At the same time, we work systematically to ensure that the guarantee schemes break even in the long term.

Eksfin manages a substantial guarantee and loan portfolio linked to previous years' exports of offshore vessels and rigs. This exposure has required significant internal resources to minimise losses. I am proud that

Eksfin is well on its way to recovering a significant share of its losses for this part of the portfolio. Good portfolio development overall has resulted in a reduction in loss provisions. This is sound credit management delivered at a low-cost relative to earnings and frees up capacity to support new export transactions.

In 2023, Eksfin, Innovation Norway, and other public financing institutions have worked even closer together to make our combined offering more accessible and user-friendly. We already see results in the form of companies being referred more quickly, enabling them to take advantage of one or more financing opportunities to invest and grow in exports. This work will continue in 2024.

Export markets will continue to be characterised by political, regulatory, and financial tension in 2024. Norwegian companies and their banks need a proactive, flexible, and solid financing partner more than ever – and it is our ambition that they will find this at Eksfin.

In 2023, we set new records in market activity and transactions. I would like to thank all our customers and partners for their trust and all employees for an extraordinary effort for Norwegian export.



Tone Lunde Bakker
Chief Executive Officer

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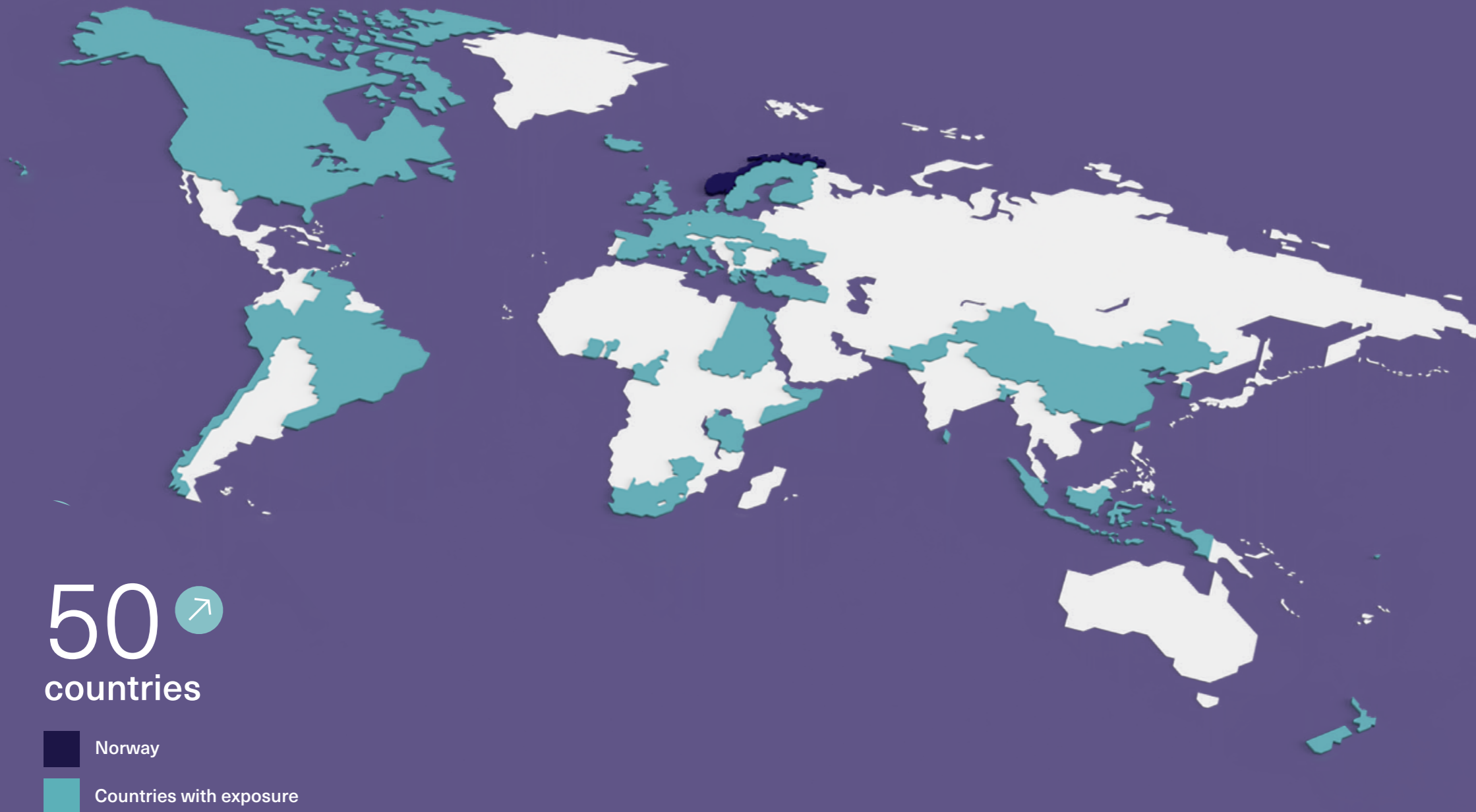


Figure 1. Countries with exposure per 31.12.2023

As of the end of 2023, Eksfin had exposure in 50 countries. Europe constitutes the largest market with a total exposure of NOK 134 billion, including Norway, which alone accounts for NOK 54 billion. Following Europe are Asia, North America, Oceania, and Africa.

This publication contains parts of the Annual Report for 2023 in English translation. For the full, authoritative text, please use the full Report in Norwegian at eksfin.no.

Events in 2023

– Some of the year's most noteworthy events and customer cases



Allocation Letter 2023: Eksfin's green mandate is expanded.

Gigante Salmon secures financing for the construction of a land-based fish farming facility on the Helgeland coast.

Scatec builds a new solar power plant in Brazil.

The Export Award from Innovation Norway and Eksfin is awarded to *Lærdal Medical* and *eConnect Energy*.



Photo: Gigante Salmon



Photo: Saga Robotics

The agricultural robot "Thorvald" from *Saga Robotics* is produced for export to the UK with a guarantee from Eksfin.



Photo: REM Offshore

Risk coverage for construction loans to shipyards is increased to 75 per cent

Spanish *Iberdrola* signs a framework agreement with Eksfin for the purchase of Norwegian offshore wind deliveries.

Seaway 7 receives NOK 2 billion in guarantees for a cable installation for an offshore wind farm in Taiwan.



Photo: Seaway 7



Photo: Kongsberg Defence and Aerospace

Eksfin finances a defence system contract from *Kongsberg Defence and Aerospace* to Poland.

Tomra grows internationally with innovative financing from Eksfin.

January February March April May June July August September October November December

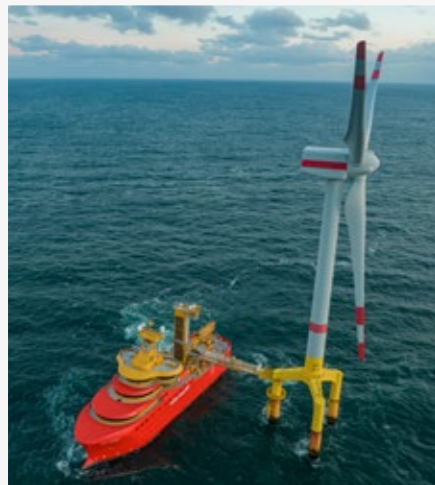


Photo: Edda Wind

Edda Wind secures financing from Eksfin for three new offshore wind vessels equipped with Norwegian technology.

Nexans Norway receives NOK 2 billion in guarantees for a cable contract for an offshore wind farm in Scotland.



Photo: Nexans Norway



Photo: Maritime Robotics

Maritime Robotics in Trondheim becomes the first customer to benefit from Eksfin's newly launched *Working Capital Guarantee*.

Eksfin guarantees when *Aker Carbon Capture* delivers a carbon capture plant in Denmark.

Andfjord Salomon secures an investment guarantee for a land-based fish farming facility on Andøya.



Offshore wind guarantees exceed NOK 20 billion.

Db Journey expands into the global market with working capital guarantees from Eksfin.



Photo: Db Journey



Photo: Eksfin

Eksfin participates in COP28. The government signs a declaration to limit financing of fossil energy.

1. Board of Directors' report

A solid supply of financial risk capacity through Eksfin has been crucial for Norwegian exports in 2023, as export markets have been characterised by increased political and economic risk.

Simultaneously, a weak Norwegian krone has made Norwegian exports more attractive abroad. Eksfin's high market activity and record-high financing volumes demonstrate that its solutions are perceived as relevant and tailored to the needs of exporters. For the first time, renewable energy has become larger than offshore oil and gas in the guarantee portfolio. This is a welcome development and a milestone for the enterprise.

At the end of 2023 (2022 figures in parentheses), loans amounting to NOK 10.9 billion (NOK 3.6 billion) and guarantees amounting to NOK 49.3 billion (NOK 8.8 billion) were issued, while the risk of loss is lower than it has been for many years. The portfolio development aligns with the government's goals of increased mainland exports and green transformation, as well as Eksfin's goal of achieving long-term accounting balance.

1.1. Eksfin's strategy for achieving its objectives

Eksfin is a government agency under the Ministry of Trade, Industry, and Fisheries. Eksfin promotes Norwegian exports and contributes to the green transition by providing state loans and guarantees to Norwegian businesses, foreign buyers, and their banks.

Eksfin's strategy implements the frameworks, goals, and directives from the Norwegian Parliament and the government, as outlined in the annual Letter of allocation. The strategy aims to leverage the scope within relevant international agreements under the OECD and EEA and is adapted to the demand from both established and emerging Norwegian export industries. The strategy is designed to ensure that Norwegian exports have the same financing conditions as those provided by other countries to their exporters. Additionally, it supports environmentally friendly transformation.

Eksfin's strategy covers the period up to 2025 and prioritises offshore wind, green maritime industry, other green industries as well as small and medium-sized enterprises (SMEs). Eksfin's organisation, internal KPIs, product development, and marketing activities follow these priorities.

In 2023, Eksfin launched a new product for SMEs – the Working Capital Guarantee. This product supplements the existing financing solutions and complements the offerings from other financial institutions backed by the government. By the end of the year, Eksfin had entered into framework agreements with eleven banks and managed NOK 680 million in outstanding exposure. Eksfin aims to make this product available to more exporters and subcontractors through additional framework agreements in 2024.

Throughout the year, Eksfin has made significant efforts to restructure distressed debt, substantially reducing this portion of its portfolio. The board believes that the agency has worked effectively and constructively in financial restructurings to safeguard the state's values in close cooperation with customers and banks. This contributes positively to the long-term prospects of break-even.

In 2023, Eksfin achieved the expected benefits of the merger between GIEK and Export Credit Norway in 2021, including reducing administrative costs by NOK 60 million. Eksfin is a customer-oriented, relevant, and efficient organisation, well-positioned to contribute to value-creating exports and competitive exporters.

1.1.1 Achievement of objectives

Eksfin makes tangible contributions to value-creating exports and competitive exporters through transaction-based advisory services linked to guarantees and loans to customers in cooperation with Norwegian and international banks. In 2023, Eksfin's financing contribution to value creation and transformation in the Norwegian economy reached a record high. The board believes that Eksfin achieved the objectives and priorities assigned in the Letter of allocation for 2023, as further detailed below.

1.2. Overall results and resource utilisation for guarantee and loan schemes

In 2023, Eksfin received guarantee premiums of NOK 897.4 million, fee income of NOK 154.0 million, and interest

income of NOK 1,359.9 million under the guarantee schemes with balance requirements. Additionally, the Export Credit Scheme received fee income of NOK 29.1 million and interest income of NOK 936.4 million. This totals NOK 3,376.8 million. Administrative costs amounted to NOK 277 million.

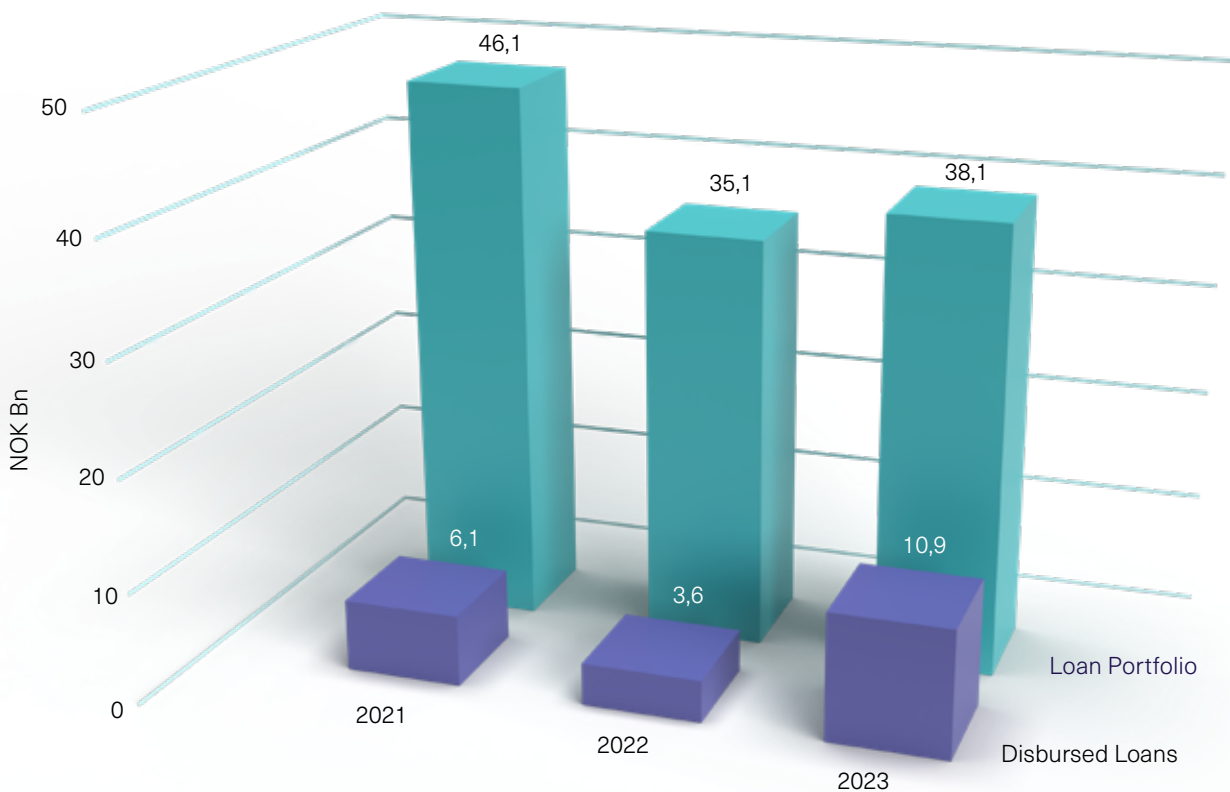


Figure 2. Development in loan portfolio and disbursed loans

Table 1. Key figures for the export credit scheme at year-end

	2023		2022		2021	
	No.	NOK Bn	No.	NOK Bn	No.	NOK Bn
Loan Portfolio	149	38,1	156	35,1	178	46,1
New Loan Agreements	18	33,3	8	2,2	19	8,2

Of the loan portfolio as of 31 December 2023 Eksfin holds loans with its own risk for 72.8 percent, Norwegian banks guarantee 15.1 percent, and foreign banks guarantee 12.1 percent. This means that NOK 10.4 billion is guaranteed by other financial institutions.

1.2.1 Guarantee activity

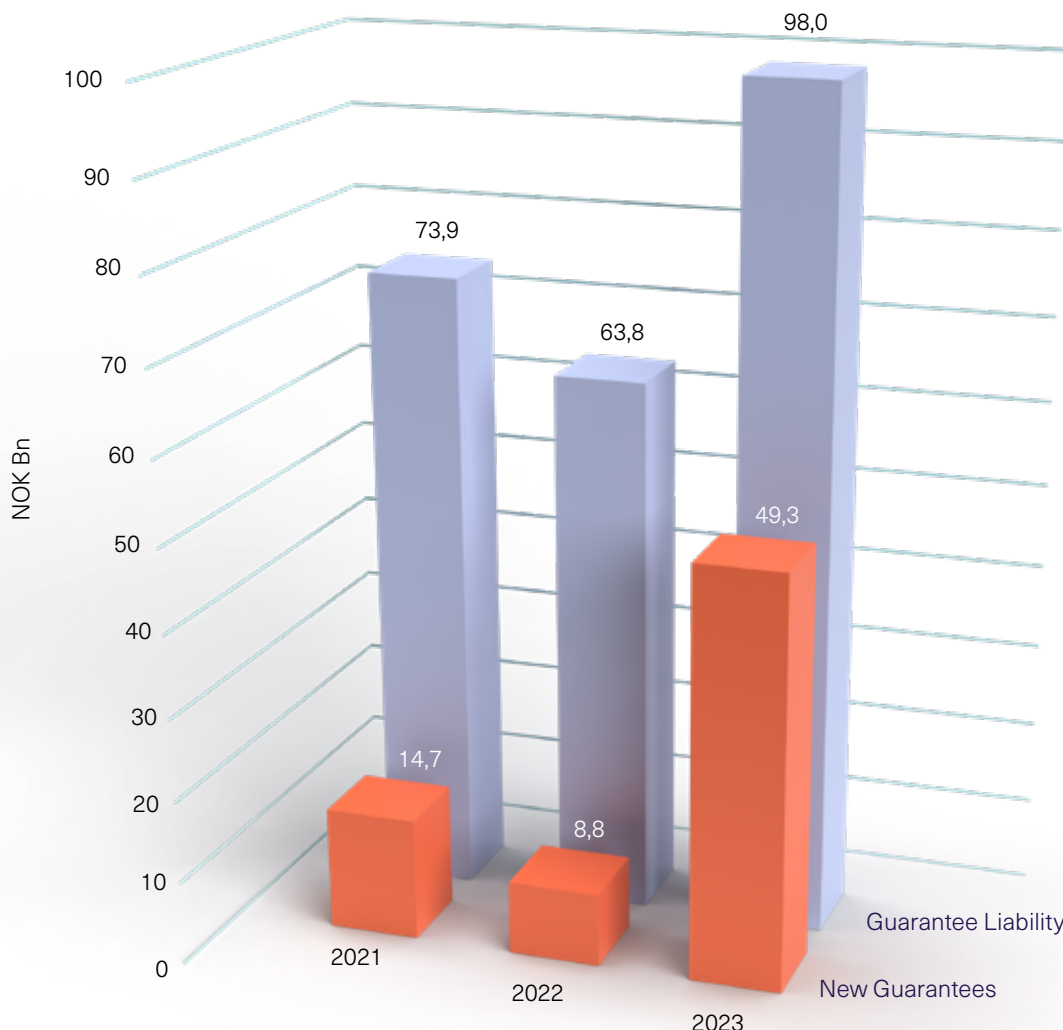


Figure 3. Development of guarantee liabilities and new guarantees

Table 2. Key figures for the regular guarantee schemes with balance requirements (General, Developing countries, Construction loan, Ship, and Power guarantee schemes) at year-end

	2023		2022		2021	
	No.	NOK Bn	No.	NOK Bn	No.	NOK Bn
Guarantee Liability	527	98,0	513	63,8	465	73,9
New Guarantees	330	49,3	126	8,8	202	14,7

Of Eksfin's total guarantee liability, 93.4 percent is under the General guarantee scheme (Alminnelig garantiordning, AGO). At the end of 2023, the currency distribution of guarantees was 58 percent in euros, 18 percent in US dollars, 11 percent in British pounds, and 8 percent in Norwegian kroner.

At the end of 2023, the outstanding guarantee liability under AGO was NOK 91.5 billion. The scheme's guarantee

framework is also bound by current offers of NOK 8.3 billion and claims of NOK 14.7 billion at the end of 2023. In 2023, the utilisation of the framework peaked at 86 percent, and with increasing demand from particularly the renewable and defence industries, it was important that the Parliament approved an increase in the framework by NOK 10 billion for the 2024 budget year.

1.2.2 Long-term balance of guarantee schemes

Eksfin's five regular guarantee schemes must each break even in the long term. This requirement includes state subsidies for loss coverage.

In 2023, the market for offshore service vessels and drilling rigs strengthened, enabling companies in this segment of the portfolio to increase cash flow and repay more debt than previously expected. Additionally, Eksfin recovered more than expected from the sale of shares and assets. This has contributed to improved credit quality for the AGO guarantee scheme. The board considers that Eksfin has solid restructuring expertise, and that the enterprise works constructively in restructuring cases to safeguard the state's values, in close collaboration with customers and banks. Essential for AGO to balance in the long term are revenues from outstanding guarantees and thus the effort to issue new guarantees for future revenues.

Loss provisions

The accounting principles of IFRS 9 are applied in calculating loss provisions and impairments for individual companies and groups of companies, significantly impacting the results of the guarantee schemes.

The total loss provisions and impairments at the end of 2023 were NOK 2.5 billion compared to NOK 4.5 billion at the end of 2022. Realised losses in 2023 amounted to NOK 0.4 billion. Loss assessments and impairments are the best estimate of the loss risk in the guarantee and claims portfolio as of 31 December 2023. However, there is always a risk of events that affect loss provisions over time, and the board emphasises that there is uncertainty associated with the calculations.

Payments under guarantees and adjusted drawdown authority for AGO

Eksfin paid NOK 1.8 billion under guarantees in 2023 (NOK 7.8 billion in 2022). Eksfin had the authority to draw up to NOK 18 billion in loans under AGO. After a peak in early 2022 with drawdowns exceeding NOK 14 billion, Eksfin made significant repayments in 2022 and 2023, reducing the loan drawdown to NOK 3 billion at the end of 2023 (NOK 11.8 billion in 2022). Due to this positive development, the drawdown limit was reduced to NOK 10 billion in 2024.

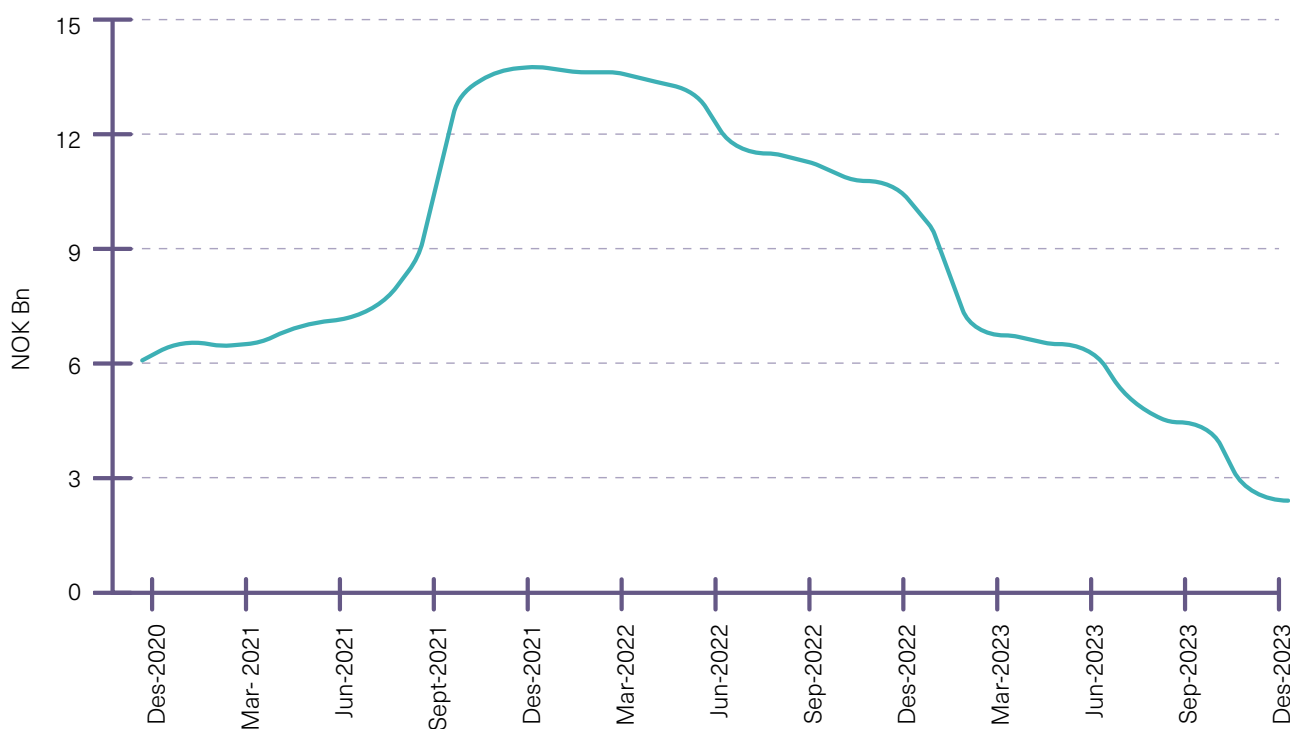


Figure 4. Development in drawdown utilisation

Share sales

To safeguard the state's assets, Eksfin is authorised to become a temporary owner of shares or assets in an object or company. Eksfin manages temporary ownership through its subsidiary, Støperigata Holding AS. In 2023, Støperigata Holding AS sold its 17.6 percent stake in Seadrill Limited.

1.3. Environmental, social and governance

Work on ESG is a central and integrated part of the business. The board believes that Eksfin contributes to a more responsible business sector by setting requirements for customers and their suppliers and providing them with advisory support. Eksfin has assessed environmental and social risks following national and international laws and regulations, as well as recognised international guidelines. The assessments are risk-based and tailored to each case. Eksfin evaluates projects against the UN Sustainable Development Goals. Classification of projects as «green» is based on the principles of the EU taxonomy. In 2023, the board of Eksfin also adopted a climate policy. The climate policy supports the directives in the allocation letter from the Ministry of Trade, Industry and Fisheries ("the Ministry") and Norway's commitments under the Paris Agreement.

Eksfin aims to contribute to sustainable development by offering financing that serves society and promotes climate and environmental goals. This is achieved both through the requirements set for each transaction and through active participation in relevant national and international forums.

Eksfin does not pollute the external environment beyond the effects of normal office operations and travel activities for a nationwide and internationally oriented business. Eksfin's positive contributions through sustainability work are described in chapter 4.1, climate and nature reporting in chapter 4.2, and anti-corruption and anti-money laundering efforts in chapter 4.3.

1.4. Corporate governance

The board believes that Eksfin has good corporate governance and internal control, and that the enterprise has handled credit cases, managed the portfolio, and communicated its offerings effectively. The administration's resource use is well-suited to the tasks and challenges. The year's administrative costs were NOK 277 million, against an appropriation of NOK 292.8 million.

At the end of 2023, Eksfin had 114 permanent employees. Eksfin has two apprentices in IT operations and digitalisation. As of December 2023, Eksfin had three temporary employees, two in 100 percent positions and one student in a 20 percent position.

The board perceives Eksfin as an equal and diverse workplace, with 18 percent of employees having a foreign background and a gender distribution of 50 percent women and 50 percent men as of December 2023. The leadership team comprises four women and five men. The board consists of four women and five men.

1.5. Outlook

There remains significant uncertainty regarding the development of the global economy in 2024. Geopolitical events have gained greater importance in the risk landscape through 2023, and risk will remain high on the agenda moving forward. The price increases in energy and certain other raw materials in 2022 were reversed in 2023, and some of the bottlenecks in supply chains are beginning to ease. Overall, this has a dampening effect on inflation. There is an expectation that the peak interest rates in many countries have been reached and that the interest level will decrease in the future, but the pace is still uncertain.

It is therefore crucial that Eksfin, through competitive and predictable financing, helps secure the best possible market access for Norwegian goods and services internationally and contributes to maintaining Norway as an attractive country for investments. At the same time, Eksfin should, through continuous market work, product and competence development, ensure that Norwegian businesses are offered targeted, effective, and export-triggering loans and guarantees.

Eksfin enters 2024 with a good application volume, new products and solutions, a large portfolio in green technology, and ongoing tasks within sustainability and enhancing co-operation among state-backed financing agencies. Put together, these endeavours will be resource-intensive for the organisation. It is expected that the proportion of offshore oil and gas in the guarantee portfolio will continue to decline in 2024.

The board is pleased that Eksfin's guarantee portfolio is on track to break even. The board emphasises that Eksfin must have sufficient risk limits to contribute to the government's goal of a 50 percent increase in mainland exports by 2030 and green transformation in the industry.

The board believes that the administrative budget for the enterprise sets strict requirements for the administration's prioritisation of tasks to achieve Eksfin's goals. Eksfin will continue to make financing for Norwegian exports more accessible to buyers, while being a simpler instrument for small and medium-sized enterprises, in close cooperation with the broader apparatus of government-backed financing institutions.

Eksfin will collaborate with the Ministry and its agencies on the design of the new Green Industrial Financing (GIF) guarantee scheme. In the period 2024–2027, Eksfin will be able to provide guarantee coverage for commercial risk on exports to Ukraine of up to 100 percent, for up to 20 percent of the framework of the Developing Countries Scheme.

1.6. Events after the balance sheet date

On 23 January and 12 March 2024, Eksfin sold its shareholding in DOF Group ASA. This means that Eksfin no longer has ownership in DOF Group ASA.

Oslo, 13. March 2024



Morten Støver

Chairman



Ingelise Arntsen

Board Member



John G. Bernander

Board Member



Siri Hatlen

Board Member



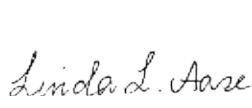
Lars Erik Grødal

Board Member



Leiv Kallestad

Board Member



Linda Litlekalsøy Aase

Board Member



Maria Risberg Engje

Board Member



Preben Aakermann

Board Member



Tone Lunde Bakker

CEO

2. Introduction to Eksfin

Export Finance Norway (Eksfin) is a government administrative enterprise under the Ministry of Trade, Industry, and Fisheries. Eksfin’s purpose is to manage financing schemes for value-creating exports efficiently, which involves offering competitive financing solutions for Norwegian companies on behalf of the Norwegian state. Eksfin is Norway’s official export credit agency, similar to organisations in most OECD countries.

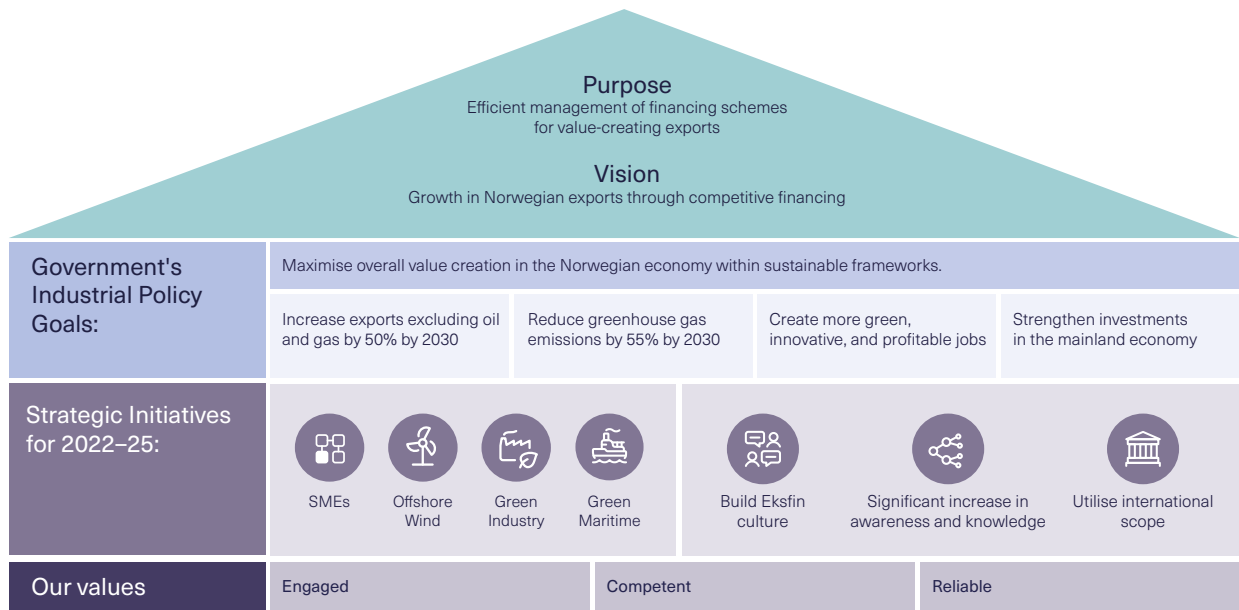


Figure 5. Summary of Eksfin's Purpose and Strategy

2.1. Export credit loans

The purpose of the Export Credit Scheme is to promote Norwegian exports by offering customers of Norwegian exporters export credits (funding) on internationally competitive terms. Additionally, the scheme aims to finance export-related investments and climate-friendly investments with export potential through market-based loans. The target group for the scheme is Norwegian exporters of capital goods and services.

Eksfin's loans can be provided either as fixed-rate loans (so-called CIRR loans) under a specific OECD agreement or CIRR-qualified market loans offered on commercial terms. In 2023, the OECD adopted changes that make the system for setting CIRR rates more market oriented.

Eksfin also provides market loans to Norwegian buyers of ships built at Norwegian shipyards when the vessels are to be used in Norway. This offering became formally operational in June 2018 and is referred to as the Ship Financing Offer.

All loans must be guaranteed by state and/or private financial institutions with a good rating, in accordance with Eksfin's current framework. Through the guarantee schemes, Eksfin can take credit risk for parts of the loan when covering commercial risk and for the entire loan when covering political risk

2.2. Guarantees

Eksfin provides financial guarantees with the state's AAA credit rating. The guarantees are intended to supplement the private financial market, and Eksfin can offload both commercial and political risk. Commercial risk refers to the risk associated with a private buyer either going bankrupt or for other reasons not paying due to commercial circumstances. Political risk refers to the risk associated with a buyer either not paying or war, expropriation, or other political actions preventing payment.

2.2.1 General guarantee scheme (AGO)

The purpose of the scheme is to promote Norwegian exports and Norwegian investments abroad. The guarantee scheme helps Norwegian export companies secure new contracts by offering risk relief for lenders, exporters, and investors, and is important for value creation and employment in Norway. This is Eksfin's largest scheme with a risk limit of NOK 145 billion.

2.2.2 Guarantee scheme for investments in and exports to developing countries (U-landsordningen, ULA)

The purpose of the scheme is to promote Norwegian exports and Norwegian investments in countries defined by the OECD as lower-middle-income countries, low-income countries, and least developed countries. The scheme aims to involve Norwegian exporters in development-promoting projects by offering risk relief for private banks and financial institutions financing the projects. There is a fund associated with the scheme to cover losses. From 2024 to 2027, a temporary exception for Ukraine allows up to 20 percent of the scheme's framework to be used to provide up to 100 percent guarantee coverage for commercial risk in Ukraine.

For ULA, funds have been allocated to a base fund to cover losses by taking greater risk. The base fund is NOK 450 million. For Ukraine, if the total disbursements from available fund capital and the base fund exceed NOK 126 million, the excess loss will be covered by the NOK 126 million loss provision allocated for ULA. The total risk limit is NOK 3 billion.

2.2.3 Eksfin's role as a creditor

A state guarantee from Eksfin promotes exports, and at the same time, the state takes a risk for future losses if the client later fails to fulfil their contractual obligations. Eksfin monitors exposure closely throughout the loan or guarantee period to minimise possible defaults. Eksfin's participation in financing is usually on the same terms as the banks, and in case of default, Eksfin seeks solutions together with other creditors to minimise the state's losses as much as possible. Any losses from restructurings must be allocated among the various parties in the capital structure according to their positions and exposure.

Eksfin has the authority on behalf of the Ministry to acquire, manage, and dispose of shares and options to cover claims in default and recovery cases. Ownership shall be temporary. Eksfin is an administrative enterprise and part of the state's legal entity, and it is the state that owns the shares and options that Eksfin receives in connection with the restructuring of defaulted cases.

Eksfin has the authority to establish and operate a holding company to manage ownership interests acquired as a result of default and recovery cases. The holding company, Støperigata Holding AS, shall be temporary and dissolved when the market situation improves and there are few remaining companies in the portfolio.

The mandates from the Ministry provide an extended scope to safeguard the state's values in default situations and to achieve the goal of the guarantee schemes of breaking even in the long term.

2.3. Eksfin’s organisation

Eksfin is led by a board and a CEO. There were 119 employees at the end of 2023. The gender distribution is 50 percent women and 50 percent men, with an average age of 49.6 years and an average tenure of 11 years.

Eksfin operates from Oslo and has regional offices in Ålesund and Stavanger.

2.3.1 The Board

The board is appointed by the Ministry, while two board members are elected by and from among the employees. The board makes decisions on loan and guarantee applications. The board is responsible for carrying out activities in accordance with the frameworks adopted by the Norwegian Parliament and ensuring that Eksfin achieves its goals. Furthermore, the board is responsible for developing strategic and operational goals for Eksfin.

The board also ensures that Eksfin has established good internal controls and governance systems. The board’s tasks include overseeing the budget, accounts, and finances. The board also handles reporting to higher authorities.

Eksfin’s board consists of the following board members:

- Morten Støver, Chairman
- Ingelise Arntsen, Board Member
- Siri Hatlen, Board Member
- Linda Litlekalsøy Aase, Board Member
- John G. Bernander, Board Member
- Lars Erik Grødal, Board Member
- Leiv Kallestad, Board Member
- Preben Aakermann, Employee-Elected Board Member
- Maria Risberg Enge, Employee-Elected Board Member

2.4. Key Figures

Table 3. Key Figures for Eksfin 2021–2023

		2023	2022	2021
Loans	Loansbalance	38,106	35,124	46,101
	Number	149	156	178
Guarantees	Guarantee liability	97,992	63,794	73,952
	Number	527	513	456
Revenues*, MNOK		3,377	2,624	2,238
Operating costs, MNOK		277	296	240
Employees	Number of employees	119	117	130
	Full-time equivalents	112.9	116.33	**

* Revenues consist of guarantee premiums, fees, and interest income under the regular guarantee schemes, as well as fees and interest income on the Export Credit Scheme. ** Eksfin was established on 1 July 2021.

3. Activities and results

Eksfin's guarantee portfolio in 2023 covered most export-intensive industries in Norway. Offshore wind is Eksfin's largest market segment. Issued guarantees for offshore wind projects amounted to a total of NOK 20 billion, distributed across several counties. The projects include equipment deliveries for power production, ships, and equipment for ships to be used in offshore wind. Several offshore wind players are located in Oslo and Rogaland, and together with Viken, these three counties were also the ones with the highest utilisation of Eksfin's offerings. The increase in Viken is related to the financing of the Polish state's purchase of defence systems from Kongsberg Defence & Aerospace.

3.1 Green projects in 2023

Among Eksfin's focus areas are offshore wind and green maritime industry, with extensive efforts made to make the offer known to actors within these important areas for green transition.

Eksfin's assessments of whether a transaction is green are based on the EU taxonomy. The taxonomy is a classification system for activities and/or projects that can be defined as sustainable, and in cases where this is not applicable, Eksfin follows the principles of the taxonomy. For ships and vessels, green is defined as having electric, hybrid with specified emission reduction requirements, or hydrogen-based propulsion systems – or that the vessel will be used in offshore wind.

Among Eksfin's new guarantee liability in 2023 amounting to NOK 49.3 billion, NOK 22.6 billion, or 46 percent, was classified as green. Of a total of 31 green transactions, offshore wind projects and ships to be used in offshore wind accounted for 82 percent.

Eksfin's exposure to ships in offshore wind are linked to financing new builds delivered from Norwegian shipyards or financing Norwegian equipment deliveries to ships built at foreign shipyards. Most financing offers were made for service vessels, but cable layers and vessels for the installation of fixed wind turbines also received financing from Eksfin in 2023. The ships financed by Eksfin are employed globally on contracts of varying lengths with leading operators.

ACTIVITIES AND RESULTS

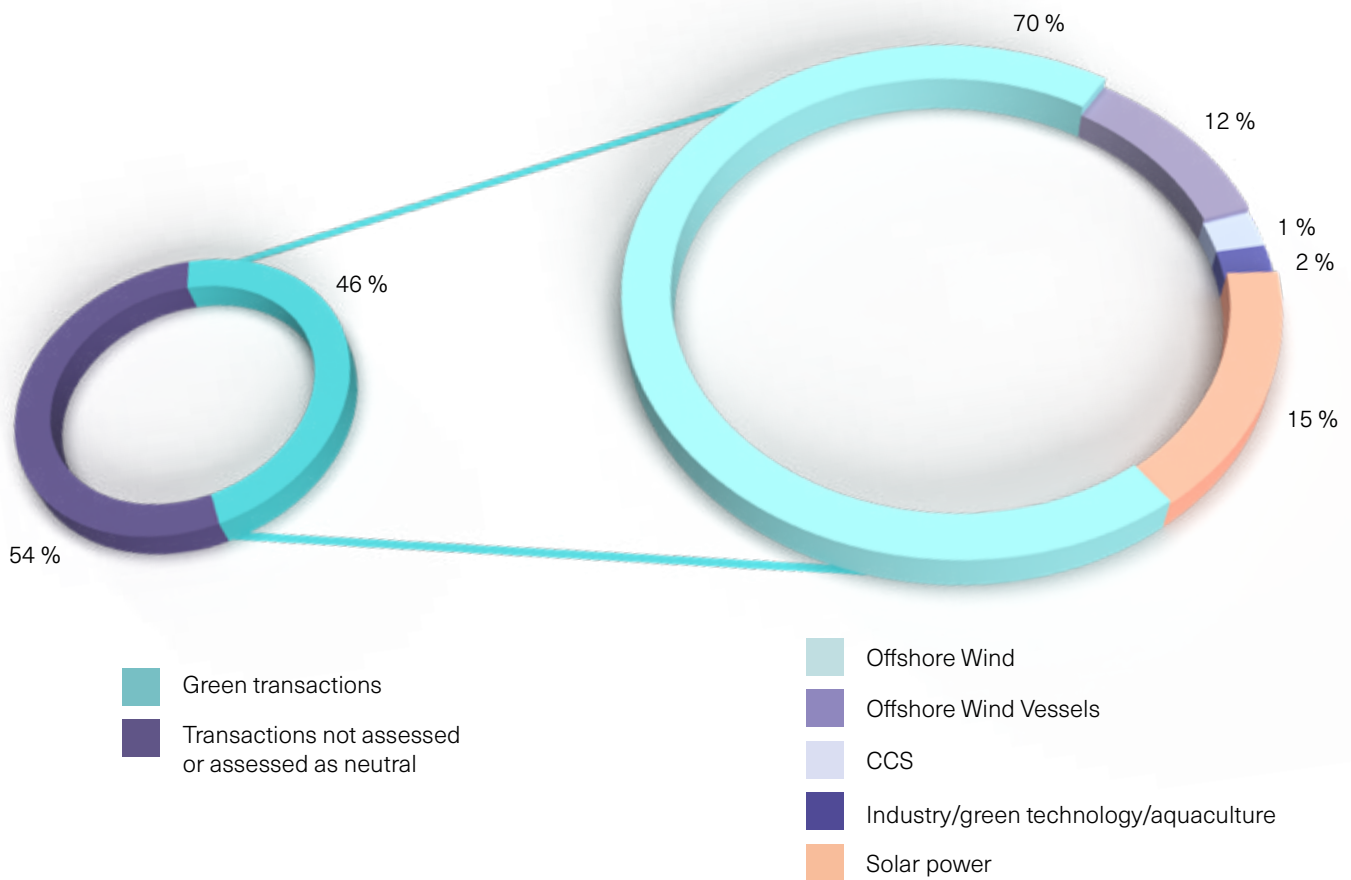


Figure 6. New guarantee volume in 2023 classified as green transactions distributed by industry

Eksfin's financings of offshore wind power production are mainly large international projects with significant Norwegian deliveries such as transformer platforms, cable deliveries, and installation services. In 2023, this included contributions to the financing of offshore wind projects in the UK and Taiwan. Together, these projects represent over 6 GW of new renewable energy or 9.4 tonnes of reduced CO2 emissions, according to project capacity calculations.

Eksfin is in close dialogue with leading developers of international offshore wind projects, who place significant orders for Norwegian goods and services. There is an expectation for high activity in international offshore wind, with opportunities for Norwegian actors to compete for important export contracts. Therefore, demand for Eksfin's financing solutions is expected to continue in both established offshore wind markets and new regions in Europe, the USA, and Asia in 2024.

Throughout 2023, Eksfin was also in close dialogue with several companies and projects within other green industries. Such projects still constitute a smaller portion of new credit exposure, as they are often immature and involve both new technology and new value chains. However, Eksfin believes that several of the projects will reach maturity for financing from Eksfin in collaboration with commercial banks during 2024.

3.1. Launch of working capital guarantee and other activities

Small and medium-sized enterprises (SMEs) are another priority area for Eksfin. In autumn 2023, the product «Working Capital Guarantee» was launched through a major marketing campaign nationwide.

The purpose of the offer is to strengthen access to liquidity for Norwegian companies, thereby triggering more exports. The product is specifically developed for SMEs but is also available to larger businesses. Both exporting companies and suppliers to an export company are within the target group. The market potential was estimated by Oslo Economics in 2022 to be approximately 11,000 companies.

The product is available through banks, and only banks with a framework agreement with Eksfin can offer the Working Capital Guarantee to their customers. At the end of 2023, Eksfin had framework agreements with 11 banks, covering over half of the banking market for relevant (companies in the export value chain) SMEs.

Fisheries and aquaculture, as Norway's second-largest export industry, are important segments for Eksfin. In 2023, there was a good breadth of customer projects registered; Eksfin financed land-based fish farming, slaughterhouses, well boats, and fishing vessels for both Norwegian and foreign shipping companies. The team finds that the launch of the working capital guarantee led to several new customers in the portfolio, including within cod and halibut farming, which is new for Eksfin. Further increased demand from the entire aquaculture value chain is expected, both in Norway and internationally, in 2024.



Photo 1. Example from Eksfin advertisement

Table 4. New liability in 2023 by exporter's size

	NOK Bn	Share	Number	Share
New Loan Disbursements				
SME	0,4	5%	4	21%
Large corporates	8,7	95%	15	79%
New Guarantee liability				
SME	2,3	5%	108	33%
Large corporates	46,9	95%	222	67%

3.2. Safeguarding the government's assets

3.2.1 Defaults and claims

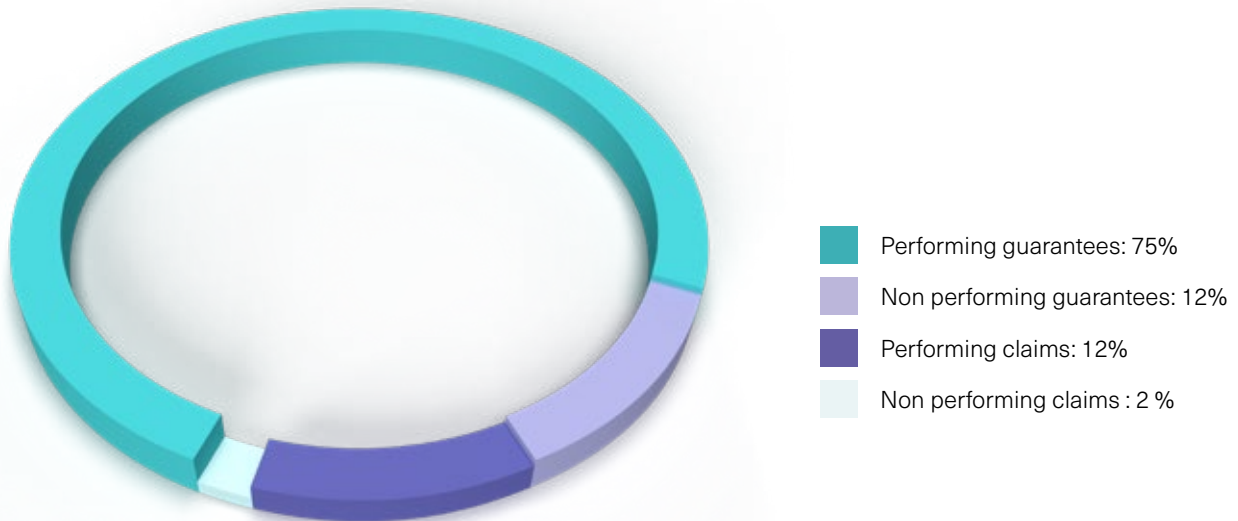


Figure 7. Cases with elevated risk, defaults, and claims as a proportion of the guarantee portfolio

Upon disbursement under a guarantee, the disbursed portion of the exposure is transferred from guarantee to claim.

As of 31 December 2023, claims under the guarantee schemes totalled NOK 15.1 billion, of which NOK 14.7 billion was under the general guarantee scheme. Eksfin actively works on recovering claims through, among other methods, the sale of pledged assets and loan sales, see also chapters 2.2.3.

3.2.2 Liquidity/drawdown authorization

Eksfin disbursed NOK 1.8 billion under guarantees in 2023 (NOK 7.8 billion in 2022). Eksfin had authorization to draw up to NOK 18 billion in loans under AGO. After a peak in early 2022 with drawdowns exceeding NOK 14 billion, Eksfin made significant repayments in 2022 and 2023, reducing the loan drawdown to NOK 3 billion by the end of 2023 (11.8 billion in 2022). Due to this positive development, the drawdown authorization was reduced to NOK 10 billion in 2024.

4. Governance

4.1. Sustainability

Eksfin shall promote value-creating Norwegian exports in a socially, environmentally responsible, and sustainable manner. To fulfil this responsibility, national laws and internationally recognised principles and guidelines are used as a basis. Eksfin follows up on this responsibility both by requiring due diligence assessments for all transactions and by participating in relevant national and international forums.

4.1.1 Impact on the UN Sustainable Development Goals

For projects with a duration of more than two years and with sufficient available information, Eksfin assesses the project's impact against the UN Sustainable Development Goals (SDGs). The assessments are based on the impact in the country where the project is carried out. In 2023, 15 projects were assessed as SDG-positive; most projects contribute to «Affordable and Clean Energy», «Industry, Innovation and Infrastructure», «Climate Action» and «Industry, Innovation and Infrastructure». One project, the development of a gas field in Turkey, was assessed as SDG-negative. Six projects were assessed as neutral.

Eksfin is a member of the «Equator Principles IV» and is subject to the OECD's guidelines for environmental and social due diligence (OECD Common Approaches on Environmental and Social Due Diligence). Both adhere to the «IFC Performance Standards» with the World Bank's EHS Guidelines, as well as the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines) for due diligence assessments.

Eksfin requires that recipients of loans and guarantees follow the UNGP and OECD's «MNE Guidelines», and that they have identified human rights and environmental risks in their value chains.

Eksfin is affiliated with the «Responsible Ship Recycling Standard» (RSRS) and in all new shipping transactions signed in 2023, the principles of responsible ship scrapping were included. Eksfin is a member of the interest organisation «Poseidon Principles», an international

framework for measuring the carbon footprint in ship financing portfolios. The purpose is to contribute to integrating climate assessments into financing decisions and to provide increased information and understanding of emissions risk from ships. The reporting for 2023 will be ready in autumn 2024.

Eksfin seeks transparency about environmental and social risks associated with new financing issued during 2023. All transactions are classified into risk category A, B, C or «Other» according to the routine.

Loans and guarantees in risk category A mainly consist of a large guarantee that Eksfin has issued in connection with the development of a gas field in the Black Sea off Turkey. Loans and guarantees in risk category B pertain to fish farming, ships and cables in offshore wind, and cruise ships. Category C includes Eksfin's financing of Kongsberg's defense contract to Poland. In addition, counter-guarantees, pre-delivery guarantees, production loan guarantees, and construction loan guarantees to various companies in several sectors are included.

Eksfin publishes information on transactions that fall under the OECD's guidelines and/or the Equator Principles and that are classified as risk category A or B on its website.

4.2. Climate and nature

Eksfin's strategic plan for 2022-2025 includes strategic initiatives within, among other things, 1) offshore wind, 2) green industry, and 3) green maritime. The plan is developed to contribute to the government's goal of green transformation in the business sector and a 50 percent increase in Norwegian exports excluding oil and gas by 2030.

In the allocation letter for 2023, the Ministry of Trade, Industry, and Fisheries gave Eksfin an expanded mandate and new guidelines for work on climate and nature. Eksfin's first climate policy was adopted in June 2023 and aims to reduce CO2 emissions and seize opportunities in the energy transition. In 2024, this policy will be further developed with clearer guidelines on what Eksfin can and cannot finance.

GOVERNANCE

Norway joined the «Statement on International Public Support for the Clean Energy Transition» in December 2023. The declaration's purpose is for countries to stop financing unabated fossil energy. In 2024, Eksfin will develop guidelines together with the Ministry on how Norway's commitment to the declaration will be implemented.

Eksfin has long identified and managed risks related to nature in large individual transactions, such as offshore wind farms, green industry, maritime industry and shipping, and fish farming. In projects with significant risk of impact on nature, Eksfin works systematically to ensure that the project has a net positive effect on nature, in accordance with the International Finance Corporation (IFC) biodiversity standard. (IFC is part of the World Bank.)

4.3. International regulations

Eksfin is a Norwegian public enterprise, but the legal framework for ECAs is regulated by international agreements in which Norway and Eksfin participate. The most important of these is the «OECD Arrangement on Officially Supported Export Credits», which regulates minimum interest rates and guarantee premiums, maximum repayment periods, and several other aspects. The agreement has global applicability as the WTO recognises it in such a way that terms in line with the Arrangement are not considered illegal export subsidies.

In July 2023, revised terms came into force, including a significant expansion of the sub-agreement for climate-friendly projects, allowed repayment periods for supported loans, and changes in the fixed interest rate regime (CIRR). The changes reflect developments in the international market for long-term financing of capital goods exports and aim to favour decarbonisation and green transition projects. The changes were also expedited by the desire not to have overly stringent limitations compared to non-member countries like China.

The changes have been warmly welcomed by financial actors who use public export credits. Eksfin considers the new rules a positive contribution, among other things, to the realisation of new offshore wind projects in a challenging market situation.

However, the OECD agreement did not cover low-emission fuels and low-emission ships, sectors that are now being further addressed. There is no clear consensus on how to define a low-emission ship, and it is evident that there are very different views among shipbuilding nations in the OECD on what are reasonable limitations in financing terms regarding ships

Ships are handled in a separate sub-agreement, and an expert group has been established to revise this, particularly concerning special conditions for low-emission ships. Eksfin's Director of Expertise Johan Mowinckel (pictured) was elected chairman of the group last November, and the first meeting will be held in the new year.



Photo 2: "Eksfin, led by Johan E. Mowinckel, chaired the working group for the revision of the «Arrangement on Officially Supported Export Credits» until 2023, and from 2024, he leads an expert group in the OECD for the revision of financing terms for ships."

4.4. Risk management and internal control

Effective risk management and control are crucial to ensure that Eksfin operates responsibly and is directed towards the established goals and priorities from the Ministry, ensuring goal achievement and identifying and managing the risks Eksfin is exposed to. Eksfin handles large financial flows, and the tolerance for errors with serious consequences is low.

Eksfin has organised risk management and internal control work according to the three lines of defence principle:

- The first line consists of the company's employees and the controls and responsibilities embedded in their roles and routines.
- The second line is independent control from risk management and/or compliance units that conduct control and compliance testing independently of ongoing operations.
- The third line is independent confirmations from internal audit, which operates on a risk-based approach, conducting reviews of risk management and internal control and reporting to the board.

Additionally, Eksfin is subject to external audit by the Office of the Auditor General of Norway.

4.4.1 Credit and risk exposure

Eksfin conducts thorough credit and risk analyses of all transactions before issuing loans and guarantees, maintaining close dialogue with customers and partnering banks throughout the duration. Eksfin regularly assesses the risk of the portfolio's largest, most exposed exposures and the overall portfolio. Eksfin conducts its analyses of developments in relevant segments and markets.

The loss risk in individual exposures is calculated based on the companies' cash flows relative to their obligations, the security values, and the customers' ability to service their debt. Eksfin assesses the overall risk in the portfolio based on a broad foundation of analyses and data sources.

4.4.2 Ensuring activity and reporting obligations

Eksfin aims for a balanced composition of employees that reflects the diversity of the population. Eksfin seeks employees with various skills, professional combinations, life experiences, and perspectives to contribute to even better task-solving. The goal is to create an inclusive environment that values and respects individual differences.

The figures above show the status of gender equality and salary. There is no involuntary part-time employment in Eksfin, and there is a balanced distribution between women and men.

In recruitment processes, emphasis is placed on objective criteria in selecting qualified candidates, regardless of gender and other potentially discriminatory criteria. If there are applicants with relevant competencies who have a disability or gaps in their CV, Eksfin follows the procedure and invites the candidate for an interview. Eksfin has a recruitment procedure that supports inclusion efforts.

4.4.3 Working environment and HSE

Eksfin emphasises preventive HSE work through well-planned AMU meetings, safety inspections every autumn, follow-up of sick leave, and good cooperation with occupational health services. The overall impression after the safety inspection in autumn 2023 is that HSE work in Eksfin functions as intended and that employees have safe and good working conditions. Overtime and workload are regularly monitored.

The total sickness absence rate in Eksfin in 2023 was 4.6 percent, of which 2.6 percent was for men and 6.5 percent for women.

5. Outlook

5.1. Market outlook

There remains significant uncertainty regarding the development of the global economy in 2024. Geopolitical events have taken on greater importance throughout 2023, and risk will remain high on the agenda in the foreseeable future. The increase in energy prices and some other raw materials was reversed during the year, and some of the bottlenecks in supply chains are beginning to ease. Overall, this has a dampening effect on the inflation rate. There is an expectation that interest rate peaks in many countries have been reached and that interest rates will decrease going forward, but the pace of this change remains uncertain.

For our customers, there is significant uncertainty about how the prices of various raw materials will develop, whether disruptions in supply chains will persist, or if new sanctions and increased protectionism will complicate and increase the cost of international trade.

China's importance for global growth has been significant, and its growth forecasts are weak. At the same time, there is increased uncertainty regarding the relationship between the USA and China concerning trade restrictions and the relationship with Taiwan.

Throughout 2023, Eksfin has seen increasing demand in green industry, green maritime, and renewable energy. In green industry, the production of batteries, hydrogen, and carbon capture and storage dominate. Green maritime covers a broad range, including support vessels for offshore wind and vessels with low emission technology. In renewable energy, offshore wind dominates, where Eksfin has a significant portfolio in financing wind farms. Eksfin expects these market trends to continue.

Eksfin has improved contact with the SME market through focused marketing efforts and digital solutions. Increased volumes are expected in the SME segment, partly due to a new bank relief product, the working capital guarantee, a digital, automated solution for credit exposure related to working capital for companies. This solution was launched in 2023. A broader presence in the regions is also expected to contribute to more transactions for SME companies.

5.2. Strategy and priorities

Eksfin is seeing results from its efforts in restructuring loss-prone engagements, and the loss-prone part of the portfolio has been significantly reduced. Eksfin is moving towards accounting balance in the guarantee portfolio and has sufficient frameworks for the work on priorities outlined in the 2024 allocation letter.

- Eksfin will contribute to increased exports and green transition, as outlined in the government's roadmap for a green industrial boost and the goal to increase non-oil and gas exports by 50 percent by 2030. The strategic focus areas going forward are offshore wind, green industry, green maritime, and SME companies.
- To promote exports, Eksfin must be known and accessible to businesses across the country. Eksfin will continue to meet with companies, clusters, and banks and continue collaboration with Innovation Norway, the Research Council, Siva, and Doga.
- To safeguard the state's values, Eksfin will continue its efforts to highlight and monitor the risks in the portfolio.



**ROYAL NORWEGIAN MINISTRY OF
TRADE, INDUSTRY AND FISHERIES**

Secretary General

Your ref

Our ref

Date

23/5467

19 December 2023

To whom it may concern

We hereby confirm that Export Finance Norway is a government agency under the Royal Norwegian Ministry of Trade, Industry and Fisheries. Export Finance Norway is authorized to manage loan and guarantee schemes on behalf of the Norwegian government. Export Finance Norway disburses new loans and issues new guarantees as well as manages outstanding loans and guarantees, in accordance with the resolutions of the Norwegian Parliament, last renewed on December 15th 2023.

Export Finance Norway is not its own legal entity, but a part of the Norwegian State. As such, Export Finance Norway can borrow funds from the State treasury to cover losses from guarantees that exceed its funds.

We confirm that Export Finance Norway is authorized to temporarily acquire and sell shares and options on behalf of the Norwegian government, in accordance with the resolutions of the Norwegian Parliament, last renewed on December 15th 2023. Export Finance Norway's board of directors have authorized the Chief Executive Officer, Ms Tone Lunde Bakker, to sign on Export Finance Norway's behalf, and authorize Export Finance Norway's employees accordingly.

This confirmation is valid until December 31st 2024.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Mette I. Wikborg', is written over a blue horizontal line.

Mette I. Wikborg

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