Financing of Norwegian maritime equipment and services
Export Credit Norway in brief

• Offers competitive export financing to companies buying Norwegian capital goods and services

• A limited liability company wholly owned by the Norwegian government, represented by the Ministry of Trade and Industry

• Manages the whole lending process, including sales and promotion efforts, loan application processing, documentation, disbursement and loan administration

• Prospective borrowers that meet the requirements will receive a loan offer

• By year end 2012, total lending is estimated to US$ 5 billion
Export Credit Norway - the lender in the Norwegian export financing scheme

The solution

**Exporter**

The Norwegian exporter or foreign buyer must apply for financing before a legally valid and binding contract is entered into.

**Export Credit Norway**

Funding and arranging the financing

**GIEK/Bank**

Loan guarantees

**Buyer/Borrower**
An attractive choice between two interest rate alternatives

<table>
<thead>
<tr>
<th>CIRR loan</th>
<th>CIRR qualified market loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Commercial Interest Reference Rates)</td>
<td></td>
</tr>
<tr>
<td>• The rate is adjusted by OECD on the 15th of every month (<a href="http://www.oecd.org">www.oecd.org</a>)</td>
<td>• Priced in accordance with prevailing market conditions. Pricing must be above the reference interest rate floor determined by EFTA Surveillance Authority (ESA)</td>
</tr>
<tr>
<td>• Export Credit Norway quotes CIRR rate before contract award – a free-of-charge fixed interest rate option</td>
<td>• Most convertible currencies available</td>
</tr>
<tr>
<td>• All OECD currencies available</td>
<td>• Compliance with state aid regulations</td>
</tr>
<tr>
<td>• Fixed rates</td>
<td>• Fixed or floating rates</td>
</tr>
</tbody>
</table>

The interest rate alternative may remain open until shortly before drawdown of the loan. At that point, the borrower may compare the fixed CIRR rate to the market based interest rate and opt for the more attractive of the two.
Competitive long-term debt financing of Norwegian exports...

...on terms in accordance with OECD’s framework for export financing and regulations set by the Norwegian authorities

• The exporter must be a company based in Norway or a company abroad under direct Norwegian majority control
• Up to 85% of the export contract amount may be financed
• CIRR or market term interest rate
• Loan repayment up to 12 years for ships
• Drawdown of loan in accordance with delivery schedule
• All loans must be secured by guarantee(s) from The Norwegian Guarantee Institute for Export Credits (GIEK) and/or acceptable financial institution(s)
Financing of part-of-ships

- Export Credit Norway can offer financing of a “package” of Norwegian equipment and services representing a significant share of the vessel’s contract amount. We offer financing for up to 80% of the total package of Norwegian equipment and services.

- If there is a series of vessels, Export Credit Norway can provide financing for applicable amount on each vessel, or aggregate all Norwegian content to finance up to 80% of last vessel, or a combination thereof.

**Example:**
- Total contract price each vessel: NOK 400 million
- Total Norwegian equipment and services per vessel: NOK 100 million
- Export Credit Norway can finance up to 80% of last vessel, or a combination thereof.

Min. 20% equity
Loan amount: NOK 320 million
Part-of-ships financing:
A flexible process, make your choice under construction of the vessel

The offer is valid for 120 days
In the delivery period the borrower can choose between fixed CIRR or commercial interest rate
Options available:
   a) CIRR quote
   b) Market interest rate (fix or floating)
An attractive interest rate option: CIRR rates currently at historically low levels

<table>
<thead>
<tr>
<th>Currency</th>
<th>&lt; 5 y</th>
<th>5.5 – 8.5 y</th>
<th>9-12 y</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>1.34</td>
<td>1.67</td>
<td>2.12</td>
</tr>
<tr>
<td>EUR</td>
<td>1.28</td>
<td>1.82</td>
<td>2.36</td>
</tr>
<tr>
<td>JPY</td>
<td>1.10</td>
<td>1.21</td>
<td>1.43</td>
</tr>
<tr>
<td>GBP</td>
<td>1.30</td>
<td>1.71</td>
<td>2.15</td>
</tr>
<tr>
<td>NOK</td>
<td>2.51</td>
<td>2.51</td>
<td>2.51</td>
</tr>
</tbody>
</table>
Example: Contract between Norwegian exporter and foreign buyer is financed under the state-funded scheme

- **15 Oct 2012**: Application received, CIRR rate USD, 9-12 years at 2.12%, indicated
- **Nov 2012**: Contract signed between the parties
- **Jan 2013**: Building process started
- **Dec 2013**: Delivery and disbursement
- The loan runs for 12 years with fixed interest rate as indicated in Oct 2012 (2.12%)
The application process

What should the application include?
- Name of buyer, borrower and supplier
- Brief description of project, e.g. type of delivery and time of delivery, environmental issues
- Estimated contract value
- Estimated Norwegian content in the contract
- Type of loan, amount, currencies, tenor
- Guarantor information (if available)
Our borrowers

Our borrowers buy capital goods and services from Norwegian exporters, ranging from drilling packages and ships to cinema chairs.
Case: Simon Møkster Rederi – building PSV in Spain

The case in brief

• Simon Møkster Rederi is a medium size, privately owned Norwegian shipping company.
• Fleet consisting of 23 offshore vessels
• Simon Møkster has ordered a Rolls-Royce designed offshore vessel at Astilleros Godan in Spain

The process

• Simon Møkster contacted Export Credit Norway before contract awards.
• Significant portion (NOK 125 million) of Norwegian content was identified, and the loan was approved

The result

• NOK 100 million (80% of the Norwegian content) CIRR loan with repayment period of 12 years
• GIEK and commercial bank to guarantee the transaction
A competitive and stable lending scheme offers:

• Attractive pricing
• Free-of-charge fixed interest rate option
• Access to long-term financing in all market conditions
• Prospective borrowers that meet the requirements will receive a loan offer
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