

CORPORATE GOVERNANCE

In accordance with the board's objectives, Eksportfinans adheres to the Norwegian code of practice for corporate governance (NUES) last updated on October 30, 2014, to the extent possible. Below is a description of how Eksportfinans has adapted to the different areas of corporate governance as defined in the code of practice, based on the "comply or explain principle". For more information on the Norwegian code of practice see www.nues.no.

Rules regarding corporate governance of financial institutions operating in Norway are to a large extent laid down in national legislation. In addition, Eksportfinans is subject to the international regulations that apply to issuers of bonds in a number of jurisdictions, including the Sarbanes Oxley Act in the United States, see www.soxlaw.com.

1. Implementation and reporting of corporate governance

Business activities in 2015 were based on the company's established ethical guidelines, the policy for social responsibility and the corporate values (commercial, responsible and innovative). The ethical guidelines and policy for social responsibility were revised in 2014 and are published on the company's website (www.eksportfinans.no).

The ethical guidelines apply to all employees, and comprise the handling of issues such as legal compliance, conflicts of interest, relationships with clients and suppliers, confidentiality, the duty to provide correct and timely information, media statements, securities trading, insider trading and other relevant issues related to private finances. Material breaches of the ethical guidelines may result in termination of employment.

The policy for social responsibility includes guidelines for the practical application of environmental considerations and anti-corruption measures in Eksportfinans' activities. The policy confirms, among other things, that Eksportfinans will comply with international environmental standards in accordance with the OECD's recommendations regarding projects that are financed through export credits. Eksportfinans also adheres to the reporting requirements for members of the OECD's export financing group (www.oecd.org).

In the board's opinion, Eksportfinans has implemented sound corporate governance in accordance with the Norwegian code of practice.

2. Business

According to its articles of association, Eksportfinans' objective is to conduct financing operations to, among others, the export sector. In addition, operations may include financing as approved or requested by Norwegian authorities and the municipal sector. The financing should be in accordance with the license and articles of association, applicable Norwegian law, in addition to decisions by and guidelines from the board. The articles of association also provide for the operation of the company.

In the annual report, Eksportfinans gives information on its objectives, business model and principle strategies.

Annual strategy processes form the basis for the strategic plan for the company on a rolling 2 – 3 year basis. The current strategy is to actively manage the company based on the extensive existing portfolio of assets, liabilities and other commitments, with the overall objective of preserving company value.

Clear guidelines for line responsibilities have been drawn up for the business areas.

The board is of the opinion that the articles of association provide a good framework for strategic planning and business development. The articles of association are available on www.eksportfinans.no.

3. Equity and dividends

The board regularly reviews the equity situation of Eksportfinans in relation to profitability, risk profile and business development. The target core capital adequacy ratio and other relevant key figures are published in the company's Pillar 3 reporting on its website.

The board proposes dividends to the annual general meeting based on the equity situation of the institution and other relevant factors for the period ahead. Dividends are determined with the aim of ensuring an adequate level of profitability and solidity for Eksportfinans as well as a satisfactory return for the shareholders.

4. Equal treatment of shareholders and transactions with close associates

Eksportfinans' shares are not listed on a stock exchange. The company has one class of shares, where each share counts for one vote.

The articles of association do not include any provision entitling the board of directors to make a decision to buy back or issue Eksportfinans' shares on behalf of the company, nor is there any other written authorization granting the board this right.

Eksportfinans has a number of ongoing business transactions with its owner banks, which can be characterized as closely related parties. Material transactions with related parties are listed in note 32 to the financial statements in the annual report. All transactions are of a business nature, and conducted at market terms. It is the board's assessment that the recommendation in the Norwegian code of practice to evaluate the value of this type of transactions is not required because it falls under activities that can be characterized as ongoing business.

Eksportfinans does not have guidelines requiring board members and executive management to report to the board if they, directly or indirectly, have a special interest in an agreement entered into by the company. However, the company's ethical guidelines, applicable to management specifically, state that conflicts of interest shall be avoided, and that each employee is obliged to inform their immediate superior as soon as they become aware that an impartiality conflict might arise. Furthermore, board members are subject to the statutory impartiality and insider considerations incorporated into Norwegian law.

5. Freely negotiable shares

The Norwegian code of practice states that shares, in principle, should be freely negotiable. Eksportfinans is not complying with this recommendation due to the following:

- Paragraph 2 of the articles of association states that only banks and the Norwegian state can own shares in Eksportfinans. The board does not have authority to approve share transfers.
- A shareholder agreement exists between the major and some of the minor shareholders, giving them mutual rights of first refusal in the event that any one of them should desire to dispose of its shares in the company.
- Norwegian law requires that the authorities shall be notified about transactions regarding the acquisition of over 10, 20, 30 or 50 percent of the shares of a financial institution.

6. General meetings

In accordance with the articles of association, the annual general meeting is held before the end of April each year.

The notification and documents are sent to the shareholders no later than two weeks before the meeting. Due to the limited number of shareholders, Eksportfinans has decided against announcing general meetings on its website.

Shareholders may issue proxies to third-parties. As the shareholders are commercial banks, savings banks and the government, the company has deemed it unnecessary to post procedures for setting forth proposals to the general meeting or how to set up proxies on the corporate website.

7. Nomination Committee

As specified in the articles of association, Eksportfinans has an independent nomination committee that nominates candidates to the board and suggests changes in their remuneration. The nomination committee consists of representatives from the shareholders and is led by an independent representative.

In accordance with the Act on Financial Companies effective from January 1, 2016 and the articles of association, the general meeting elects the board of directors based on recommendations by the nomination committee. The nomination committee also recommends the chairperson and a deputy chairperson among the board members.

In its work the nomination committee emphasizes the mutual interests of the shareholders. It shares its grounds for the different nominations with the annual general meeting following a thorough assessment of Eksportfinans' need for expertise, capacity and diversity.

8. Board of directors: composition and independence

In accordance with the Act on Financial Companies and paragraph five of the articles of association, the board of directors is elected by the general meeting based on recommendations by the nomination committee. One member and one alternate member of the board are elected by and among the employees. The board of directors shall have a minimum of six, and a maximum of eight members. Board members are elected for a term of one year. The articles of association do not contain any further provisions specifically regulating the nomination and replacement of board members.

At December 31, 2015 the board had three members from owner banks, two independent members and one member elected among the employees.

Eksportfinans complies with the Norwegian regulation implying that board members elected by the shareholders should consist of at least 40 percent men and 40 percent women. The board members' independence and competence are discussed in the nomination committee and in the board itself. Each board member's background is listed in the annual report and in the 20-F reporting, available on the corporate website.

Clear distinction of roles and responsibilities between the different corporate bodies of the institution has been established in the articles of association, directives, guidelines and reporting systems. Eksportfinans' elected officers are shown on www.eksportfinans.no. Guidelines have been established in order to handle potential conflicts of interest between board members, executive decision makers and the organization.

9. The work of the board of directors

The board has established a set of instructions with respect to its undertakings and procedures, and has an annual plan for its work. The board has also issued an instruction for the president and CEO, and for all major areas of operation. The board resolves strategies and the budget, and receives monthly reports on developments in relation to budgets, plans and risk management. Eksportfinans has an audit committee consisting of three board members, two of which were shareholder representatives at December 31, 2015. It also has a risk committee, with the same members as the audit committee.

Both the audit committee and the risk committee normally have predefined meetings four to five times a year. The purpose, tasks and functions of the committees comply with Norwegian and international regulations and standards. Among other things, the audit committee reviews and discusses all financial reports with the external auditors before the accounts are presented to the board. The risk committee inter alia supervises internal control and risk management in co-operation with the internal auditor. Both committees have meetings with external and internal auditors to ensure that the audits are independent and effective. Auditors participate in the meetings of the committees on a regular basis.

The remuneration committee consists of two members of the board, appointed for one year periods. In addition, the employee's representative on the board meets as an observer. The committee ensures that Eksportfinans at any given time practices guidelines and frameworks for a compensation scheme that will apply to the whole company in general and for certain specified categories of employees including, in particular, the management.

The board evaluates its competence and performance annually, whereupon a report is issued to the nomination committee.

10. Risk management and internal control

Risk management is a key element of Eksportfinans' operations. Eksportfinans' board has set a comprehensive risk policy for all major risk areas, including detailed risk limits. The board also approves the company's ICAAP (Internal Capital Adequacy Assessment Process) on an annual basis, stating the capital requirement for the ongoing business according to Basel II. As a registered borrower in the USA, Eksportfinans is subject to section 404 of the Sarbanes Oxley Act. Hereunder the institution must perform a thorough identification of key earnings and risk areas, the operational processes and controls of these processes, documentation and reporting. Eksportfinans also complies with Norwegian internal control regulations (internkontrollforskriften). The board receives monthly reports including the status of all major risk areas, in addition to a comprehensive quarterly risk report. This forms the basis for board discussions on risk management.

The risk committee and the audit committee take special interest in the management of different risk factors. Predefined risk related issues regularly appear on the agenda of these committee meetings.

Eksportfinans' internal auditor, EY, ensures that risk analysis is conducted and that the activities are in accordance with external regulations, approved strategies and guidelines. The internal audit is an integrated part of the management and planning process. The internal auditor conducts a risk workshop with the executive management team on an annual basis, during which the risk factors perceived as most important are identified and discussed. The workshop leads to an action plan with regards to the handling of major risk factors. The results of the workshop are reported to the audit committee and the board.

Eksportfinans' financial reporting is led by the chief financial officer and includes guidelines for monthly, quarterly and annual reporting on the basis of internal and external requirements and risk assessments related to financial reporting. The financial reporting is ensured to be in line with prevailing legislation,

accounting standards and current accounting principles. A number of control measures have been prepared in connection with the finalization of such information, including general assessments of reasonableness, probability tests and detailed reconciliation controls. These measures are also subject to section 404 of the Sarbanes Oxley Act.

The audit committee reviews all financial reporting from Eksportfinans. After the quarterly accounts and proposed annual accounts for Eksportfinans have been reviewed by the audit committee, they are considered by the board of directors. The annual accounts are approved at the annual general meeting.

11. Remuneration to the board of directors

In accordance with the articles of association, remuneration to the different elected officers is proposed by the nomination committee based on an assessment of responsibility, expertise and allocated time. On this basis the fees are set by the annual general meeting. The remuneration is independent of results, and does not include any form of options or bonuses. Details on the remuneration to board members are found in note 33 to the financial statements in the annual report.

12. Remuneration to executive personnel

The board determines the remuneration for the president and CEO, and sets the limits for compensation to other executive personnel. In accordance with Norwegian legislation, the board has set guidelines for the remuneration of executive personnel. These are reviewed annually and presented to the annual general meeting. Eksportfinans does not have remuneration schemes based on the share value of the company. For a more detailed description of the remuneration policy, see the annual report or the corporate website.

13. Information and communication

The board has set guidelines to ensure relevant, up-to-date and identical information to shareholders, financial investors and other actors in the international capital markets. The market is updated through the annual registration of Form 20-F with the Securities and Exchange Commission in the USA, as well as annual reports and interim reports published on the corporate website according to a predefined financial calendar. Eksportfinans provides the market with comprehensive analytical material in connection with submission of the accounts. The information is made available concurrently to Oslo Stock Exchange and other relevant stock exchanges on which the company's debt instruments are listed, as well as on the corporate website.

Eksportfinans does not have set guidelines for communicating with shareholders other than through the general meetings. However, financial information and other corporate information such as press releases are forwarded to the shareholders at release.

14. Take-over

Eksportfinans has not defined guiding principles on how it will react in the case of a take-over bid situation. However, the limited number of shareholders, the limitation in the articles of association on ownership eligibility and the agreement between certain shareholders providing for mutual rights of first refusal in the event that any one or more of them desires to dispose of its shares in the company, will help ensure equal treatment of shareholders and timely and relevant information if such a situation should occur.

15. Auditor

Eksportfinans has an independent external audit, conducted by auditors who act according to the recommendations set out in the Norwegian code of practice for corporate governance. Also, the internal audit is conducted by an independent auditor.

The external auditor has quarterly meetings with the board without the administration being present. In addition the auditor is present at relevant audit committee and risk committee meetings. Guidelines have been drawn up for the relationship with the external auditor. This includes limitations on the type of additional services that can be performed, and approval of fees. The annual general meeting elects the external auditors and approves their remuneration.