

## NOTE 27

RISK MANAGEMENT -  
OPERATIONS

Risk management relating to the investment activities of Ferd is described in [note 6](#).

**Currency risk**

Contracted currency flows from operations are normally secured in their entirety, while projected cash flows are hedged to a certain extent. Interest payments related to the Group's foreign currency loans are mostly secured by corresponding cash flows from the Group's activities. Instruments such as currency forward contracts, currency swaps and options can be used to manage the Group's currency exposure.

**Outstanding foreign exchange forward contracts related to operations:**

NOK 1 000	Purchase of currency		Sale of currency	
	Currency	Amount	Currency	Amount
	USD	13 250	NOK	-106 746
	EUR	1 000	NOK	-9 016
	EUR	750	USD	- 837
	NOK	1 813 880	EUR	-200 000
	NOK	3 476 600	USD	-400 000
	CAD	28 033	USD	-20 920
	EUR	8 686	MXN	-187 726
	EUR	5 210	CAD	-7 248
	EUR	380	CHF	- 406
	EUR	4 160	DKK	-30 924
	EUR	3 937	JPY	-455 998
	EUR	2 330	SEK	-22 645
	ILS	1 160	EUR	- 290
	JPY	2 782 598	EUR	-23 605
	MXN	2 780	EUR	- 124
	NOK	287 629	EUR	-31 530
	PLN	10 827	EUR	-2 450
	RUB	340 755	EUR	-5 300
	USD	4 264	EUR	-4 100

All foreign exchange contracts mature during 2017.

**Interest rate risk**

The Group has short-term fixed interest rates on long-term funding in accordance with internal guidelines. This applies for loans in Norwegian kroner, as well as in foreign currency. The Group uses interest rate swaps to reduce interest rate exposure by switching from floating rates to fixed rates for a portion of the loans.

**Outstanding interest rate  
swaps**

NOK 1 000	Currency	Amount	Receives	Pays	Time
					remaining to maturity
	DKK	50 000	6M CIBOR	Fixed 2.97%	0.5 years
	EUR	95 000	3M EURIBOR	Fixed 0.13% - 2.39%	0.5 - 4.0 years

The table included derivatives for hedging.

**Credit risk**

Credit risk is the risk that a counterparty will default on his/her contractual obligations resulting in a financial loss to the Group. Ferd has adopted a policy implying that the Group shall be exposed only to credit-worthy counterparties, and independent credit analyses are obtained for all counterparties when such analyses are available. If not, the Group uses other publicly available financial information and its own trade to assess creditworthiness.