

**NOTE 26****RISK MANAGEMENT -  
OPERATIONS**

Risk management relating to the investment activities of Ferd is described in [note 21](#).

**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 Ferd Group's currency exposure.

**Outstanding foreign exchange forward contracts**

NOK 1 000	Currency		NOK	
	Currency	Purchase	Sale	Sale
	CAD		- 14 000	- 83 825
	CHF	1 000		8 383
	EUR	21 000	- 130 000	-1 089 725
	JPY	7 050 000	- 537 000	- 33 530
	NOK	398 000	- 110 000	- 110 000
	RUB		- 82 000	- 16 765
	SEK	9 000	- 108 000	- 100 590
	CZK			
	GBP			
	DKK	92 000	- 9 000	- 8 383
	ILS	8 000		16 765
	USD	43 000		259 858
<b>Total</b>			<b>1 378 755</b>	<b>-1 442 818</b>

**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	100 000	6M CIBOR	Fast 2,97% - 4,15%	1,7 - 3,5 years
			3M	Fast 0,81 - 2,88%	
	EUR	85 000	EURIBOR		2,2 - 5,0 years
	SEK	50 000	3M STIBOR		3,0 years

The table includes 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.