

# NOTE 12 BORROWINGS AND FINANCE LEASES

In June 2015 the Group's bank loans were extended with MNOK 500 to provide financing upon maturity of a mortgage loan of MNOK 400. Simultaneously, Danske Bank exited the bank syndicate, and DNB and Nordea now own 50% each. The financing agreement consists of a total frame of MNOK 1 910, of which a long-term credit facility of MNOK 700. The Company fully redeemed the mortgage loan with MNOK 400 in December 2015, through utilisation of the bank loan with MNOK 400. At year-end, a total of MNOK 450 is utilised of a total frame of MNOK 700.

The finance agreement includes covenants related to book equity exclusive Ocean Quality AS consolidated accounts of 35%, a revolving NIBD / EBITDA ratio of 5.0 if the book equity ratio is higher than 40% and 4.5 if the book equity ratio is between 35% and 40%. Grieg Seafood ASA equity is 41% exclusive Ocean Quality consolidated. As at 31.12.2015 the Company has been granted extension of the covenants related to NIBD/EBITDA. Hence, the Company is in compliance with all covenants at year-end. The extension is valid for Q1 2016.

A factoring agreement has been concluded with Ocean Quality AS in Norway and UK. Credit insured receivables are transferred to the factoring companies. This ensures early settlement of receivables. The Group retains the risk related to accounts receivable. Funding received from the factoring company before the counterparty has paid is recognised as factoring debt, which is interest bearing. The factoring agreement includes covenants comprising a.o. required minimum book equity in Ocean Quality AS. At year-end Ocean Quality Group was in breach of loan covenants. The company has been granted extension for this loan covenant in 2016.

<b>NON-CURRENT LIABILITIES AND FINANCIAL LEASE OBLIGATIONS (INTEREST-BEARING DEBT)</b>	<b>2015</b>	<b>2014</b>
Liabilities to credit institutions and mortgage debt before amortisation effect	1 075 000	766 465
Long-term credit facility *)	450 000	200 000
Finance lease liabilities	272 968	236 430
<b>Total</b>	<b>1 797 968</b>	<b>1 202 895</b>
<b>NON-CURRENT LIABILITIES, NON-INTEREST BEARING</b>		
Subordinated loans	21 425	22 795
Other long-term non-interest bearing borrowings	954	845
<b>Total</b>	<b>22 379</b>	<b>23 640</b>
Amortisation effect of loans	-6 739	-7 637
<b>Total non-current loans and finance lease liabilities</b>	<b>1 813 608</b>	<b>1 218 898</b>

\*) The Company has in 2015 a total non-current credit facility of MNOK 700. As at 31.12.2015 this was utilised with MNOK 450.

<b>CURRENT INTEREST-BEARING LIABILITIES</b>	<b>2015</b>	<b>2014</b>
Current portion of long-term borrowings	91 464	91 614
Bond loan	0	400 000
Current portion of finance lease liabilities	61 008	53 231
Factoring debt	338 231	195 560
Export loans	10 458	9 527
<b>Total current interest-bearing liabilities</b>	<b>501 161</b>	<b>749 932</b>

\*) The bond loan expired in 2015

<b>NET INTEREST-BEARING DEBT</b>	<b>2015</b>	<b>2014</b>
Total non-current interest-bearing liabilities (see above)	1 797 968	1 202 895
Total current interest-bearing liabilities (see above)	501 161	749 932
<b>Gross interest-bearing debt</b>	<b>2 299 129</b>	<b>1 952 827</b>
Cash and cash equivalents	392 020	181 498
Loans to associated companies	0	0
<b>Net interest-bearing debt</b>	<b>1 907 109</b>	<b>1 771 329</b>
<b>Net interest-bearing debt, excluded of factoring debt</b>	<b>1 568 878</b>	<b>1 575 769</b>

<b>PAYMENT PROFILE NON-CURRENT LIABILITIES</b>	2016	2017	2018	2019	Deretter	Sum
Non-current non interest-bearing liabilities	0	0	0		22 380	22 380
Borrowings	91 464	90 000	90 000	888 261		1 159 725
Non-current credit facility	0	0	0	450 000		450 000
Finance lease liabilities	61 008	63 732	50 449	50 449	108 338	333 976
<b>Total</b>	<b>152 472</b>	<b>153 732</b>	<b>140 449</b>	<b>1 388 710</b>	<b>130 718</b>	<b>1 966 081</b>

<b>LIABILITIES SECURED BY MORTGAGE/CHARGE ON ASSETS:</b>	<b>2015</b>	<b>2014</b>
<b>Liabilities to credit institutions incl. finance leases</b>	<b>2 299 129</b>	<b>1 952 827</b>

<b>ASSETS PLEDGED AS SECURITY</b>	<b>2015</b>	<b>2014</b>
Licences	1 093 338	1 066 184
Fixed assets	1 534 770	1 424 562
Accounts receivable	581 904	504 110
Inventories and biological assets	2 019 982	1 935 113
Investments in joint ventures	0	0
<b>Total assets pledged as security</b>	<b>5 229 994</b>	<b>4 929 969</b>

Pledges include shares in subsidiaries. The book value of these shares is 0 in the consolidated accounts.

<b>DESCRIPTION OF DEBT</b>	Currency	Fixed or floating interest rate	Effective interest rate	Final maturity (mth/year)	Current portion	Non-current portion	Current portion	Non-current portion
<b>GRIEG SEAFOOD ASA</b>					<b>2015</b>		<b>2014</b>	
Syndicate loan non-current	NOK	Floating	Price grid	06/2019	90 000	1 068 261	90 000	757 363
Syndicate loan - credit facility*)	NOK	Floating	Price grid	06/2019	0	450 000	0	200 000
Bond loan	NOK	Floating	Price grid	12/2015	0	0	400 000	0
Other loans	NOK	Floating	Price grid	10/2016	1 464	0	1 614	1 465
<b>GRIEG SEAFOOD HJALTLAND</b>					<b>2015</b>		<b>2014</b>	
SLAP	GBP	Floating	0,0 %	12/2018	0	954	0	845
Export loan	GBP	Fixed	3,20 %	04/2014	0	0	0	0
<b>OCEAN QUALITY</b>					<b>2015</b>		<b>2014</b>	
Export loan	GBP				10 458	0	9 527	0
Factoring debt	Multi	Floating			338 231	0	195 560	0
Finance leases liabilities								
Subordinated loan					61 008	272 968	53 231	236 429
<b>Total</b>						21 425		22 795
<b>Sum</b>					<b>501 161</b>	<b>1 813 608</b>	<b>749 932</b>	<b>1 218 898</b>

<b>BOOK VALUE OF GROUP LOANS BY CURRENCY (NOK):</b>	<b>31.12.15</b>	NOK	GBP	Other
Syndicate loan non-current	1 158 261	1 158 261		
Syndicate loan - credit facility*)	450 000	450 000		
Bond loan	-	-		
Other loans	2 418	1 464	954	
Export loan	10 458		10 458	
Factoring *)	338 231	59 746	50 587	227 897
Finance leases	333 976	293 218	40 758	
Subordinated loan	21 425		21 425	
<b>Total borrowings and finance leases</b>	<b>2 314 769</b>	<b>1 962 690</b>	<b>124 182</b>	<b>227 897</b>

\*) Other currency effects comprise mainly EUR, JPY and USD

	<b>2015</b>	<b>2014</b>
Average interest rate on loans and credit facility	4,70 %	5,18 %

By calculation of average interest-rate on loans and credit facilities the effect of interest-rate swap is taken into account.

<b>BOOK VALUE AND FAIR VALUE OF BORROWINGS:</b>	Book value		Fair value	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Loan (non-current and credit facility)	1 608 261	1 047 363	1 608 261	1 047 363
Bond loan	0	400 000	0	412 000
<b>Total</b>	<b>1 608 261</b>	<b>1 447 363</b>	<b>1 608 261</b>	<b>1 459 363</b>

The book value of other loans is virtually the same as the fair value.