



ANNUAL REPORT 2010

BI

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INTERNATIONAL AMBITIONS

It is no longer enough for BI Norwegian Business School to be the largest academic environment within finance/administration in Norway. Every day, BI notices increased competition from foreign schools for ambitious students, good teaching and the attention of employers. For this reason, we are now stepping up our international focus even more. We want more foreign professors, more international students, and more foreign representation in our governing bodies. In 2010, BI adopted a strategy with high international ambitions to this end.

This new strategy is not a complete break with the past. We will continue to build on our traditional distinctive character, especially our ability to combine academic clout with relevance to business and industry. We have had many foreign students over many years, and made ourselves noticed with study programmes abroad. Many Western business schools have struggled to establish themselves in China. BI, however, has succeeded in building up a sustainable MBA programme in cooperation with Fudan University in Shanghai.

The strategy involves specific focus on a selection of master's degree programmes and PhD studies which will profile BI as a top international academic environment, and through this, attract more foreign students, teachers and employers. Like other Norwegian universities and university colleges, however, BI does not have the resources to maintain a top international level in all academic fields. For this reason, we have had to prioritise, and decided to develop MSc studies within strategy, finance, marketing, business administration and business law, business and economics and organisational behaviour which will be at the forefront of international business studies. At the same time, we will strengthen our teaching staff, which is essential to be able to offer high-quality, research-based teaching.

Traditionally, BI and other Norwegian schools have compared themselves to each other. Competition at home is important enough. It may, however, be sheltered from important developments abroad. International accreditations mean we are frequently critically examined by foreign expert panels. They represent a source of quality assurance and quality development with international best practice as a reference. This provides valuable input for our development. In 2010, BI was assessed for its third accreditation according to the Equis standard. Today, around 120 schools have this accreditation, and the

best, which make up approx. 40 percent, receive the accreditation for five years at a time. We are very happy to report that BI is still in this most exclusive bracket, after having our accreditation renewed for five years in 2010.

BI was also in the fortunate situation of being able to accept more students in 2010. At the same time, we are careful to keep our positive learning environment. Our record admission numbers have given BI greater strategic room to manoeuvre. As a non-profit institution, we do not have any owners taking out their share of profits – everything goes back in to improving BI's learning environment for the good of our students and employees. Significant resources will now be used to extend physical and other learning facilities in line with our increased student numbers. BI Bergen, which has had many new students over several years, will be moving to a new campus in the autumn of 2011.

Everything indicates that we are facing a revolution in terms of teaching and communication. I do not believe traditional lectures and face-to-face guidance tutorials will be a thing of the past only. However, the internet does provide new opportunities. For this reason, *BI LearningLab* was established in 2010. The lab comprises all our educational resources and promotes and provides expertise support for ICT-based learning.

2010 represents another very good year of cooperation with BI's student organisations, SBIO and BIS. Continuous dialogue has made us able to identify the most important areas for improvement where the learning environment is concerned.

There are no spectacular shortcuts to making BI one of Europe's leading business schools. We have long-term, laborious work ahead of us developing BI, one step at a time. We will need patience. However, our starting point could not be better. 2010 has helped give us an even better academic and financial foundation to build on.



Tom Colbjørnsen
President



Director's report 2010

DIRECTOR'S REPORT

IMPORTANT EVENTS

- The new strategy for 2010-2014 was passed unanimously by the Board on 16 June 2010.
- President Tom Colbjørnsen started his second period as president of BI on 1 August 2010. The Board appointed Dag Morten Dalen as BI's new provost, effective 1 August. Ulf Henning Olsson was appointed as BI's new senior vice president, effective 1 August.
- Admissions set a new record and represented an increase of 8 percent from 2009.
- BI Norwegian Business School's EQUIS accreditation from the European Foundation for Management Development (EFMD) was renewed for a period of five years.
- Principals/presidents and deans from all over the world ranked BI as the 25th best-known business school in Europe, no. 47 worldwide.

OBJECTIVE AND OWNERSHIP

BI Norwegian Business School is a non-profit institution whose goal is to pursue education and research at a high international level within management, administration, finance and marketing.

Vision

Academic clout and relevance will ensure BI's position among Europe's leading business schools.

Social commitment

BI contributes to the knowledge society by developing and communicating research-based expertise in demand among students, companies and in the public sector. In addition, BI will be a business school based on both international research and practical experience from the industry. BI will also make expertise available at different stages of life to all who may require it, and will have a national and international catchment area. Furthermore, BI will reduce unnecessary use of resources by developing and distributing education in an especially efficient manner.

Values

BI stands for:

- academic freedom, where opinions are debated internally and externally in a dignified manner
- academic integrity, where scientific ideals and curiosity prevent

- conventional thinking and servility
- ethics, where colleagues and students take personal responsibility for using the power that comes with expertise properly
- excellence; where research, teaching and administration are measured against best practice
- value creation, where the measure of BI's success is whether students, companies and the public are willing to pay for teaching and research

NEW STRATEGY 2010-2014

The Board has high ambitions for BI Norwegian Business School and adopted a new strategy for the period 2010-2014 to this end. The Board wants to develop the school into one of Europe's leading business schools. BI will cultivate its profile as a scientific business school, and continue to build on the unique tradition of combining academic clout and relevance to business and industry. Teaching will be based on both international research and practical experience from business and industry. Expertise will be made available for students at different stages of life.

THE STRATEGY PROCESS

The strategy for 2010-2014 was carried unanimously by the Board on 16 June 2010. Prior to the Board meeting in June, the president held meetings with institutions, the administration, the different campuses, the unions and student organisations. Employees and students were invited to contribute. Correspondingly, the president held meetings with the same groups as a step to implementing the strategy.

MAIN CONTENT OF THE STRATEGY

BI's research and teaching will focus on finance and administration subjects. BI will be developed into one of Europe's leading academic environments in our prioritised areas:

- Marketing
- Strategy
- Organisational behaviour
- Business economics and business law
- Finance
- Economics

BI will strengthen its academic staff. Our academic environment will consist

of individuals with scientific and educational expertise, and men and women with professional experience from business and industry and important positions in the community.

Internationalisation is one of the focus areas of BI's strategy for 2010-2014. BI will gradually strengthen its international profile through increasing the number of programmes taught in English and increasing the number of foreign students, employees and Board members, agreements with foreign companies and through cooperating with business schools abroad. The international environment we have to offer students will be strengthened through clearly profiled executive and business programmes.

BI MANAGEMENT

The president's management group consists of President Tom Colbjørnsen, Provost and Senior Vice President Dag Morten Dalen, Senior Vice President Ulf Henning Olsson, Executive Vice President Individual Programmes Jens Petter Tøndel, Executive Vice President Corporate Programmes Kristian Bogen, Chief Financial Officer Marius Eriksen, Executive Vice President Communication Janne Marie Log and Executive Vice President Human Resources Wenche Nilsen.

Professor Tom Colbjørnsen was re-elected president in 2009 and entered his second period on 1 August 2010. Professor Dag Morten Dalen succeeded Guri Hjeltne as provost and senior vice president on 1 August 2010. Professor Ulf Henning Olsson succeeded Tor J. Larsen as senior vice president on 1 August 2010.

See the section on description of the organisation for an overview of BI's management and other governing bodies for 2010.

STUDENTS

- In 2010, BI had a total of 19 998 students, compared with 19 931 students in 2009. 52 percent were part-time students.
- 50.7 percent of the students are female. (52 percent of bachelor's degree students, 49 percent of master's degree students.)
- In 2010, 812 587 credits were taken, compared with 793 409 credits in 2009. The number of credits taken in 2010 is equal to 13 543 full-time students.
- 131 047 exams were taken in 2010.

As of 1 May, the number of full-time bachelor's degree and master's degree

applicants was approx. 9 400. This was an increase of 12.5 percent from the record year of 2009.

The increase for bachelor's degree studies was 14 percent, and MSc went up almost 4 percent from 2009.

All campuses increased compared with 2009 and BI Trondheim had the biggest increase in terms of percent, with almost 22 percent.

The increase in international applicants was almost 58 percent.

The students

The student union at BI Norwegian Business School in Oslo (SBIO) is a non-religious and non-political interest group run by and for students. SBIO comprises 19 course unions, around 20 different interest committees, 4 staff groups and political and academic working groups.

During 2010, SBIO has run several projects of varying sizes, including *Fadderullan* (Enrolment Week), *Næringslivsdagene* 2010 and Career Days 2010. Career Days at BI Norwegian Business School drew over 100 companies in the autumn of 2010, and the event was opened by HRH Mette Marit, Crown Princess of Norway. Among the lecturers were Minister of Trade and Industry Trond Giske and CEO of Schibsted Rolv Erik Ryssdal. BI's Student Society (BIS) is the student union for BI Norwegian Business School's campuses around the country. The objective is to profile and promote students' interests vis-a-vis BI, the public, business and industry and society.

BI Alumni

BI Alumni is a national and international resource centre for network building, academic updates and career development for those who have completed a bachelor's degree/master's degree at a BI campus in Norway or abroad.

At the end of 2010, just over 51 000 Norwegian and international alumni were registered in BI's Alumni database. Of these, around 21 000 have activated their alumni profile.

In 2010, BI Alumni arranged academic and social network gatherings within several fields and campuses in cooperation with volunteer alumni. Alumni are also invited to BI's general knowledge breakfasts, seminars and conferences at BI's campuses. BI Alumni publishes two magazines; *BI Magasinet* and *BI Advantage*, and monthly newsletters are sent out. A range of interesting reading is published, including articles and results of new research by BI's academic staff, profile interviews of alumni and BI's researchers, and general articles relating to BI's activities.

RESEARCH

Research

In 2010, BI's academic activities were organised into nine research departments: the Department of Financial Economics, the Department of Innovation and Economic Organisation, the Department of Communication, Culture and Languages, the Department of Leadership and Organisational Behaviour, the Department of Marketing, the Department of Public Governance, the Department of Accounting, Auditing and Law, the Department of Economics and the Department of Strategy and Logistics.

BI has also established research centres affiliated with the departments to safeguard knowledge development within selected sectors and topics.

High-quality research is essential to BI's realisation of its vision to be one of Europe's leading business schools.

For BI, it is also important to contribute research-based knowledge and competence to ensure the best possible general public debate.

Results of the research

126 of BI's academic staff published academic articles in international and national periodicals with peer review or scientific monographs or articles in scientific anthologies. This is the highest number in the history of BI.

184 articles were published in scientific periodicals, compared with 135 in 2009. Further, eight scientific monographs were published, compared with 15 in 2009 and 32 articles in scientific anthologies, compared with 35 in 2009. With this, BI had a total of 208.4 publishing points in accordance with the Norwegian Association of Higher Education Institution's model for measuring scientific production. This represents a decline of 4.8 percent compared with 2009. The number of publishing points is variable over time. BI will maintain strategic focus on and follow-up of BI's academic staff and ensure individuals are active in scientific publishing, and increasingly in the most recognised publishing channels. Publishing points are included in the financing model for universities and university colleges.

In 2010, members of BI's academic staff were published in several reputable periodicals within business school subjects, including the *Accounting Review*, *The American Economic Review*, *the Review of Financial Studies*, *the Journal of Monetary Economics*, *the Journal of Vocational Behavior*, *the International Journal of Information Management*, *Educational Psychology*, *the Journal of Retailing* and *the Journal of Management Studies*.

A number of BI's professors gained distinction in 2010:

- BI professor Espen A. Moen was mentioned in connection with the 2010 Nobel Prize in economics awarded to Diamond, Mortensen and Pissarides. Moen's research work was mentioned in the committee's scientific citation.
- Professor Kai Leitemo from the Department of Economics was awarded BI's research prize 2010. Leitemo was awarded the prize despite strong competition for his research within macroeconomic topics with specific focus on research to do with interest policy questions.
- Professor Håkan Håkansson was awarded the prestigious Herbert Simon Award for his research on networks between players in business and industry.

Research funding

NOK 65.4 million was entered as income from externally-financed research in 2010, an increase from NOK 59.8 million in 2009. This amount does not include money for endowed chairs. BI had nine endowed chairs at the end of 2010.

Training researchers

In 2010, eight candidates presented their doctoral theses, the same number as in 2009. Eight new PhD fellows were accepted. At the beginning of 2011, 76 fellows are taking part in BI's PhD programme. Twelve post-doctoral fellows are associated with BI.

Research communication

BI published 250 popular science articles and chronicles on BI's own research pages, bi.no/forskning. The online newspaper forskning.no published 53 articles in cooperation with BI. 11 news releases were published in English at alphagalileo.org, a website for European research news.

BI arranged more than 40 user-oriented conferences, with around 5 000 participants. Norges Bank Watch and Statsbudsjettseminaret were two of the events featured. BI was represented in Oslo, Bergen and Kristiansand during National Science Week.

EDUCATION

BI offers 17 bachelor's degree study programmes, eight master's degree study programmes, siviløkonomstudiet and one PhD programme with six possible specialisations. In addition, BI offers post-school training and postgraduate studies.

Bachelor's degree study programmes

BI Norwegian Business School offers both full-time and part-time bachelor's degree study programmes.

A new and more flexible study model is being phased in during 2009-2012, and involves more extensive courses and better follow-up of students during their studies. At the same time, it demands greater effort from students and provides more options in the form of electives, internship and foreign exchange. In addition, clear learning objectives have been introduced, both for each study programme as a whole and for each course. The use of varied forms of teaching and assessment is emphasised, to increase flexibility and adapt activities to the learning objectives for each course as far as possible.

The number of students who drop out has decreased every year since BI Norwegian Business School introduced progress requirements for bachelor's degree study programmes in 2007. In 2010, the number of students unable to progress from their first year of study was reduced to 9 percent, compared with 14 percent in 2007.

In 2010, BI had 9 384 full-time bachelor's degree students, and 4 513 part-time bachelor's degree students.

Master's degree study programmes

BI Norwegian Business School offers eight two-year master's degree programmes in fields where BI is conducting internationally recognised research. All the programmes, with the exception of the Master of Professional Accountancy, are taught in English.

In 2010, BI focussed on following up specific proposals to improve the study programmes. Starting in the autumn of 2010, BI introduced an obligatory course in ethics for all master's degree students to be taken during their first semester. Further, the work of promoting international degree cooperation with good international schools was initiated. During the year, the foundation was also laid for a pilot study regarding offering internship as a part of the programme. Correspondingly, a system is being developed for testing whether the learning objectives for individual subjects are being met.

In 2010, BI had 1 178 students at master's degree level. Including foreign exchange students, 51 nationalities were represented.

Post-school training and postgraduate studies

BI has a significant number of programmes within post-school training and postgraduate studies, both nationally and internationally: Executive MBA, Executive MBA in Energy, Executive MBA in Shipping, Offshore and Finance, Executive Master in Energy Management, Master of Management, Bachelor of Management, Special courses, Executive Short Programmes, industry studies, and tailor-made company programmes. In addition, BI offers a part-time MBA in China.

In 2010, BI launched the following new post-school and postgraduate programmes: Executive Short Programmes, Executive MBA in Energy and Executive MBA in Vietnam.

BI Internet studies

In 2010, BI Internet studies could boast 20 years' experience of distance learning and internet-based studies at BI Norwegian Business School. From 30 students in the subject of economics at start-up in 1990, 3 700 students were doing various internet-based BI study programmes and courses in 2010. This comprises 18.5 percent of BI's students in total, and makes BI Norwegian Business School Norway's the biggest provider of internet-based education at university college level.

In 2010, the learning platform it's learning was adopted for all BI students, including internet students. Study reforms at BI Norwegian Business School were an important reason for the need for a common learning platform with new functionality for all BI students.

Increased focus on an ICT-based learning environment is an element of BI's strategy for the period 2010-2014, and from 1 January 2011, a new centre for ICT and learning has been established – *BI LearningLab*.

BI Bransje

BI Bransje comprises BI Banking and Finance, BI Insurance and BI Commodity Trading, and develops industry-related expertise programmes and events in close contact with industries. BI can offer study programmes, authorisations, courses, seminars and e-learning courses.

In 2010, BI Banking and Finance further developed the training programme in connection with the authorisation scheme for financial advisors, and offers a comprehensive programme called "Veien til kunnskapsprøven". BI Commodity Trading has started the comprehensive academic and pedagogical process of developing courses in shop management from traditional part-time studies to e-learning courses, with financial support from Norway Opening Universities (NOU).

BI Corporate

Within the public sector, BI Corporate has developed and reinforced BI's cooperation with the Norwegian Directorates of Education and Training, Taxes, and Immigration. BI is now the largest provider within school management with four parallel educational pathways at several locations in Norway. In addition, there are comprehensive cooperation projects with the Norwegian Association of Local & Regional Authorities, large municipalities and county councils.

BI has supplied tailor-made master's degree programmes for NCE NODE in Kristiansand and Aker. In the summer of 2010, BI also held a two-week course in Norway for a management group from the Chinese firm Sinopec Engineering Inc. BI is also working on a comprehensive cooperation project with IF and SAS on management development at a Nordic level, and an expertise development programme in cooperation with Statoil.

BI Kompetanseforum

BI's Kompetanseforum holds conferences, theme days and seminars aimed at the private and public sectors. BI Expertise forum is a meeting place within management and HR. The annual conference of 2010 drew over 400 managers from private and public sectors. In addition to profiling resource people from Norway and abroad, this meeting place draws attention to BI's research and solid academic resources.

In total, over 2 900 individuals took part in 34 events in 2010.

One thing that was new in 2010 was the management programme for young managers which run for a total of eight days, and the conference HR Forum 2010 – a new meeting place for heads of HR.

QUALITY OF STUDY

NOKUT

In 2010, BI's process with the Norwegian Agency for Quality Assurance in Education (NOKUT) started for the reaccreditation of BI's quality system for education. Based on submitted documentation, BI was visited by an expert committee in the autumn of 2010. The committee unanimously proposed renewed accreditation, but also made constructive recommendations for improvement. NOKUT's Board passed the reaccreditation of BI's quality assurance system in February 2011.

Equis

In 2009, BI applied for a third renewal of their Equis accreditation. Peer Review was conducted in February 2010, with interviews of selected representatives from the Board, management, employees and students. The Peer Review team's recommendations were positive and on 27 April, the EFMD decided to give BI accreditation for another five years.

AACSB

In March 2010, work was started on BI's accreditation plan (SAP). SAP is mainly a self-analysis of where the university college stands in relation to AACSB's 21 standards. The academic staff's qualifications and introduction of learning objectives and assurance of learning has a significant focus in the AACSB system, while relevance to business and industry and internationalisation play more understated roles. The SAP was completed and submitted to AACSB by the deadline of 15 December.

The Financial Times

In 2010, BI Norwegian Business School ranked number 72 of 75 on FT's ranking of business schools, compared with number 61 out of 65 in 2009. BI is currently only qualified for participation in two of the five rankings which make up the school rankings and therefore has a weaker starting point than the competition. Proposals of concrete measures which could give BI a lift in future are being prepared.

Eduniversal

In 2010, BI Norwegian Business School received five of five possible palms in Eduniversal's ranking of business schools. The ranking is based on the 1 000 best business schools and universities worldwide. The ranking emphasises the school's reputation in school management (President, Dean etc.).

Prioritising ICT

BI's expertise centre for pedagogy and use of ICT in teaching, *BI LearningLab*, was established in the autumn of 2010. Start-up was 1 January 2011, on which date a director was also employed. *BI LearningLab* assists in the production of digital teaching resources and contributes instructions intended to promote the use of its learning in teaching.

INTERNATIONALISATION

As of 2010, BI has agreements with 160 foreign universities and university colleges in 45 countries. The agreements mainly apply to foreign exchange and joint programmes with international partners. Exchange students who come to Norway mainly attend programmes taught in English.

A large proportion of BI's students are international and this leads to constant expansion of international cooperation in the form of more exchange agreements, double degrees and joint training programmes with recognised foreign institutions.

In 2010, international students represented 34 percent of all students on the MSc study programme. In the spring of 2010, BI's Bachelor in Business Administration was comprised of 52 percent international degree applicants.

In 2010, the number of exchange students also increased. BI had 442 students away on exchange, and 468 visiting Norway on exchange. The total number of international students at BI in 2010 was over 1 200.

In China, BI and the Fudan School of Management are cooperating on a well-established part-time MBA (Master of Business Administration) programme.

Part-time MBA programmes are also offered with partners in Europe, the US and China.

REPUTATION

Universities and university colleges compete for good reputations. This is crucial for attracting good students and researchers, and being an attractive employer.

BI was mentioned in the media a total of 7 401 times in 2010; 4 511 times in connection with research. The Communication Department facilitated or initiated over 60 percent of all media coverage. In addition, BI was highly visible in social media, with 11 Facebook accounts, 29 Twitter accounts and 16 blogs. BI was also mentioned in 3 500 external blog posts.

BI improved its reputation in 2010 despite some negative media coverage in connection with its lower position on the FT ranking and some negative posts in discussion forums/blog posts:

- **Synovate:**

Market research company Synovate measures organisations' reputations within the categories of overall impression, social corporate responsibility, impact performance, finance, information and advertising. BI ranked 21st of a total of 82 educational institutions and did well on a number of parameters.

- **Universum:**

A student survey conducted by Universum shows that 81 percent of BI students were very pleased or pleased with their education institution.

- **Aalund:**

645 journalists assessed the communication departments of 109 companies and institutions. Of these 109 companies, the communication department at BI was named the communication department with the best reaction time. When total satisfaction was assessed, BI's communication department was also found to have the best relationship to the media of all the education institutions in Norway.

ORGANISATION AND EMPLOYEES

At the end of 2010, BI had a total of 786 employees, an increase of 34 from 2009. This represents 712 full-time equivalents, compared to 683 in 2009. The total numbers include 390 administrative and 396 academic employees, including scholarship holders. The number of academic employees has increased by 21 full-time equivalents in 2010, while the number of administrative employees has increased by 7 full-time equivalents. In

addition, approx. 615 university college lecturers were affiliated with BI in 2010. At the end of the year, BI had 94 academic employees at professor level, up from 91 at the end of 2009.

BI has approx. 80 managers at various levels. In 2010, meetings and training for the various groups focussed on change and adjustment, including the employer's management prerogative. Guidelines for change at BI were revised and implemented during 2010.

The Working Environment Survey of 2010 shows a high degree of satisfaction among BI's employees. Independence at work, motivation and a strong feeling of belonging at BI are the most significant positive factors.

DIVERSITY AND EQUALITY

BI's plan for diversity and equality states that all employees are to have the same rights, duties and opportunities irrespective of gender, age and national/ethnic background. Through the IA agreement and BI's senior policy, BI is committed to working actively to stimulate employees to stay in their positions over time. Further, BI is committed to facilitating the working environment for colleagues with reduced capacity to work. The Working Environment Survey of 2010 shows that in most people's experience, BI has an inclusive company culture which gives equal opportunities and rights irrespective of gender, age, capacity to work or ethnic background.

Equality

The main objective of BI's equality work in the period 2007-2010 has been to increase the proportion of women in academic and management positions, and in governing bodies. Further, targets and measures have been established concerning salary, development opportunities and the working environment.

At the end of 2010, women represented around 27 percent of the academic full-time equivalents achieved by BI staff. Women represented 14 percent of all professor full-time equivalents and 30 percent of all assistant professor full-time equivalents. Among scholarship holders, the percentage of women is at 46. The proportion of men in administrative positions is stable at 34 percent. Management and the Senate have 38 percent female members, while the proportion of women in top management has sunk to 25 percent. Women represent 35 percent of all management positions. Women are still most poorly represented in academic management positions. 22 percent of all heads of department are women, but none of the four dean positions are held by a woman.

A concrete measure to stimulate women to qualify for primary expertise has

been to earmark qualification money. Since the initiative was introduced, more than NOK 1 million has been allocated.

Women have a higher average salary than men in all scientific and pedagogical position categories, with the exception of professors. Salary developments for women in academic positions in the period 2005-2010 were two percent higher than for men.

In administrative positions, gender-related salary discrepancies have only been noted for management positions. Female managers earn on average eight percent less than their male counterparts. In 2010, women in administrative positions have on average enjoyed greater increases in their salaries than men in corresponding positions.

Senior policy

At BI, most academic employees choose to work until the age of 70. Among BI's administrative employees, it is more common to take out a contractual pension from age 62, but over the last few years, the trend is that of an increasing average retirement age. The pension reform has not yet led to a clear change in this pattern. BI's other senior policy measures include discussing the issue of retirement with senior employees, extended holidays, health check-ups, financial advice and pension preparation courses.

Individuals with reduced capacity to work

Regarding their recruitment process, BI has committed to invite all applicants with reduced capacity to work, for interviews. Further, physical conditions in the workplace will be adapted as necessary.

Ethnicity/national background

BI has a strategic goal to strengthen its international activities and status. Increased international recruitment will strengthen BI's ability for innovation and internationalisation, as well as provide the organisation with a broader basis for attracting the best expertise. BI's organisational culture must handle the challenges such diversity poses. Specific measures in this area will be in focus during the current strategy period.

HEALTH, SAFETY AND THE ENVIRONMENT

BI's occupational health risk is primarily associated with psycho-social conditions such as interaction, conflict negotiations, achievement and stress, as well as repetitive strain injuries to the muscular and skeletal system. As of 1 January 2010, the requirement for an approved occupational health service for educational institutions entered into force. BI has a contract with Medi-3, which is an approved occupational health service. The main focus of our health services for our employees is to prevent work-related health issues

and absence due to illness. Our cooperation agreement with Psykologbistand A/S has contributed to the prevention of absence due to illness and to strengthening the numbers of personnel returning to active work.

Levels of absence due to illness have been stable at 3-3.5 percent over the past few years and were 3.4 percent for the first three quarters of 2010. No occupational injuries were reported in 2010.

In 2010, BI conducted a new Working Environment Survey which showed little change compared with the survey of 2008. The biggest challenges are still stress management and conflict negotiations. Line managers are responsible for following up their results with local measures where necessary.

The overall goal of BI's preparedness plan is to safeguard life and health, material values and BI's reputation. The plan clearly states responsibilities and roles so that BI can prevent unwanted incidents and limit adverse effects of unwanted incidents through the way they are handled. A central crisis team has been established to handle major crises and a crisis drill was conducted in 2010.

In December 2010, BI was Eco-lighthouse-certified, both as an office enterprise and as a landlord. The certification primarily applies to the activities in Nydalen, but it is BI's goal to certify all campuses by 2014. The building in Nydalen appears to be very energy-friendly, and the treatment of waste involves a high degree of recycling. BI does not pollute the external environment.

LIBRARY

In 2010, the library at BI Norwegian Business School enjoyed an increase in the number of visitors, use of the library in general, and more books and periodicals.

Visitors in Oslo: 647 200 compared with 624 000 the previous year

Number of loans: 80 800

The number of active borrowers also increased, from 6 000 in 2009 to approx. 6 500 in 2010.

Student borrowing increased by approx. 12.5 percent

Employees borrow about the same amount as before, while scholarship holders' loans have increased by 28.6 percent.

Use of the electronic databases is, on the whole, relatively unchanged.

Collections:

The library spends approx 73 percent of its budget on information resources on electronic sources. In 2009, this proportion amounted to 63.4 percent.

The percentage of periodicals is virtually unchanged: 98.2 percent.

The number of e-books increased 18 percent to approx. 51 100 (43 300 in 2009).

The *Nattbordet* collection (the bedside table collection) increased from 1 500 to 1 950 titles. Borrowing increased by 44 percent.

Advisory services:

In 2010, use of the Library's advisory services increased:

- Book a librarian: 242 (272 in 2009)
- Ask the library: 456 (404 in 2009)
- Chat: 746 (240 in 2009)

The Learning Environment Survey showed that 84 percent of those surveyed are pleased or very pleased with the help they receive.

75 percent of all respondents also say it is important or very important to receive assistance from library personnel.

The library's assignment in 2010:

- a digital library – our portal to information resources and services
- a library for learning – an inspirational and attractive learning environment
- a knowledge bank for research – contribute to BI being on the front line in terms of research

In 2010, the library was awarded an exceptional grant of NOK 2 million over two years for purchase of information resources.

ANNUAL PROFIT

For 2010, BI Norwegian Business School can report a profit of NOK 1 259 million, compared with NOK 1 160 million the previous year. This equals an increase of NOK 99 million, or nine percent. These profit figures include invoiced rent and joint costs for tenants.

The operating result for 2010 increased by NOK 92 million, from NOK 87 to 179 million. State contributions of NOK 194 million, or 15.4 percent of regular operating profit were received for 2010 (NOK 188 million and 16.2 percent in 2009).

BI's profit before tax for the year was NOK 105 million. Tax on net trade income for the letting of offices in Nydalen is estimated at NOK 0.3 million, thus the profit after tax for the year was NOK 105 million (cf. Note 20). As of 31 December 2010, the institution's equity was NOK 338 million,

compared with 533 million as of 31 December 2009. It must be taken into account that due to the aforementioned change of accounting principle for recognition of pensions, estimate deviations are in the range of NOK 320 million and the year's positive estimate deviations of NOK 21 million, net NOK 300 million, entered directly as a reduction in equity (cf. Notes 7 and 14). As a private business school with a significant amount of student fees forming the basis of profits, BI Norwegian Business School is vulnerable to market fluctuations. However, BI's diversified portfolio will limit any effects of changes in student preferences. Further, public statistics show a future, unmet need for education capacity within economics and administration. In January 2011, BI Norwegian Business School changed their main banking resource and has with this refinanced the loan for the Nydalen building. BI will be dependent on stable, long-term loan financing for several years to come. The loan is secured with security in the Nydalen building, machinery and plant and receivables. In real terms, the value of the building is greater than the need for security by a good margin. BI has chosen to hedge approximately two thirds of future interest repayments with interest rate swaps.

BI Norwegian Business School has satisfactory liquidity and has reduced the liquidity risk with a flexible repayment structure where the mortgage is concerned. This means that BI may be able to avoid the need for seasonal credit for the summer months as early as in 2011.

In 2006, a mortgage of NOK 1 340 million was taken out on occasion of buying the property in Nydalen. It is a 20 year mortgage, on which repayments of NOK 67 million are paid annually. As of 31 December 2010, the outstanding balance is NOK 1 039 million. Towards the end of 2010, BI Norwegian Business School signed a contract with Nordea, making Nordea BI's main banking resource. The contract entails the transfer of both deposit and loan commitments and is fully effective from the first quarter of 2011. In connection with changing our main banking resource, BI has redeemed former interest rate swap contracts and this has been entered as financial expenditure for the year totalling approx. NOK 26 million (cf. Note 6).

As of 1 January 2010, BI Norwegian Business School has changed its principle for recording pension liabilities and costs in line with NRS 6A regarding using IAS 19 Contributions to employees instead of NRS 6 Pension costs. Compared with 2009, this change in principle has resulted in a reduction in pension costs in the range of NOK 25 million. As a consequence of the pension reform, plan changes in the Norwegian Public Service Pension Fund SPK scheme have resulted in further reductions in pension costs for 2010, of approx. NOK 20 million. In addition, reversal of Contractual Early Retirement Pension AFP provisions in BI's private scheme have resulted in a

cost reduction of NOK 12 million (cf. Note 7). Compared with the financial statement for 2009, total pension costs were reduced by NOK 42 million, from NOK 72 million to NOK 30 million.

In accordance with the Norwegian Accounting Act, Section 3-3, it has been confirmed that the assumptions for going concern have been met. This is based on BI's budgets and long-term plans.

Annual profit and allocations:

The Board proposes the following allocation of the annual profit:

Allocation (use) of research development funds 2010 (net)	NOK 8 million
Allocation (use) of funds for MSc and PhD scholarships 2010	NOK 20 million
Allocation (use) of funds for physical learning environments 2010	NOK 20 million
Transfers to other equity	NOK 57 million
TOTAL ALLOCATIONS	NOK 105 million

As of 31 December 2010, the foundation's capital consists of:

Foundation capital	NOK 1 million
Funds	NOK 106 million
Other Equity	NOK 231 million
TOTAL EQUITY	NOK 338 million

Allocation of research development funds is through the annual budget process. Specific guidelines have been prepared regarding allocation of the two new funds; the fund for MSc and PhD scholarships and the physical learning environment fund.

OUTLOOK

According to Statistics Norway, demand for employees with a degree in economics and business administration will rise steeply in the next few years. Towards 2010, the number of employees with a degree in economics and business administration at BA level will rise by almost 100 000 individuals. For this reason, the Board expects a good influx of students over the next few years. Each new student helps finance his/her own place at the school, and the growth in student numbers will give BI room to strengthen the quality of research and teaching.

In the time ahead, it will not be enough to be big in Norway. BI must develop further to build a good reputation so international students, employers and international schools choose BI as their learning partner. This will help us succeed in our ambition to become one of Europe's leading business schools.

The academic environments of our new focus areas will be prioritised. As a self-owned foundation, BI has no owners due their share of this – it is all

used to strengthen BI's learning environment for the good of BI's students and employees.

Funds will also be set aside for grants for foreign students, which will attract international MSc and PhD students. The physical learning environment will also be prioritised.

Based on expectations of an increased influx of students for economics and administrative programmes in the next few years and many satisfied students, the Board considers the outlook for BI Norwegian Business School to be positive.

THANKS TO...

The Board would like to express its recognition to employees and management for their efforts during the past year. 2010 was a good year for BI and it is because of the efforts and positive involvement employees have shown for BI and what is best for the school. The Board would also like to thank BI's students and partners.



The Board February 2011, from left:

Arild Underdal, Amund Bergan, Truls Brænden, Live Haukvik Aker, Håvard U. Hovdahl, Terje Venold, Magnus Nøkleby, Anne K. Kvam, Geir Gripsrud, Ragnhild Kvålshaugen

Oslo, 23.03.2011

Terje Venold
Chairman of the Board of
Trustees

Anne K. Kvam
Member of the Board

Arild Underdal
Member of the Board

Live Haukvik Aker
Member of the Board

Ragnhild Kvålshaugen
Member of the Board
Representative for the
academic staff

Geir Gripsrud
Member of the Board
Representative for the
academic staff

Truls Brænden
Member of the Board
Representative for the
administrative staff

Magnus Nøkleby
Member of the Board
Student representative
SBIO

Amund Bergan
Adm. observe

Håvard U. Hovdahl
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