

GIEK

We guarantee for
Norwegian exports

Annual Report 2020

From Norway to the world

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Export Credit Norway and GIEK to merge into Export Finance Norway

On 1st of July 2021, Export Credit Norway and The Norwegian Export Credit Guarantee Agency (GIEK) will merge into Export Finance Norway (Eksfin), Eksportfinansiering Norge in Norwegian.

The schemes and financing solutions that GIEK and Export Credit Norway manage today will continue through Eksfin. Eksfin will be a government entity, a so-called administrative enterprise, with the purpose of being an efficient provider of financing schemes for value-adding exports. Per 31 December 2020 GIEK and Export Credit Norway had outstanding guarantees for NOK 80 billion and loans for NOK 51 billion, respectively.

The merger is a part of the government's action plan for exports, upon a recommendation made in the "area review" of the business-oriented system of public instruments. The merger will offer better quality, greater efficiency and a more transparent service for customers. The Parliament (Stortinget) will continue to set exposure limits for Eksfin.

We are happy to answer questions about the up-coming merger: postmottak@giek.no





Chief Executive Officer's foreword

From Norway to the world

New leading export counties and a varied guarantee portfolio with a more pronounced environmental profile.

GIEK's guarantee portfolio largely reflects Norwegian industry and is far more varied than it was just a few years' ago. Our guarantees are used by companies in more industries and counties than before. It is a pleasure to see that a number of Norwegian export companies have made important market breakthroughs and investments in 2020 with GIEK on their team.

Many of the new cases also have a very clear environmental profile. In 2020, Rogaland became the county that used GIEK the most, followed by Oslo and Viken. This is primarily due to large new offshore wind power contracts for export companies in these counties.

Winning offshore wind power contracts with GIEK on the team

Offshore wind power plays a key role in the transition to a low-emission society, and several Norwegian companies are strongly committed to this and have won contracts in the international offshore wind power market with good help from GIEK. The biggest offshore wind power case we dealt with in 2020 was the financing of deliveries from Norwegian companies Aibel and OHT Alfa Lift to Equinor and UK company SSE for the latter two companies' development of the gigantic Dogger Bank field off the UK coast.

Our contributions to the financing of more environmentally friendly ships and aquaculture also increased during the year. New jobs and positive ripple effects in the north of Norway are some of the benefits of Norway Royal Salmon ASA taking large steps to make the aquaculture industry greener in the future by building an innovative offshore fish-farming facility outside Kvaløya in Tromsø.

In 2020, we issued our first guarantee to the pharmaceutical industry. This was to pharmaceutical manufacturer Curida at Elverum and ensured that this cornerstone company won a long-term export contract and could create local jobs.

GIEK as a crisis-management instrument

GIEK is to be a predictable, competent and effective partner for Norwegian exporters regardless of the business climate. The COVID-19 outbreak was very challenging for key Norwegian export industries. In this situation, the Norwegian parliament and government acted quickly and asked GIEK to implement three new schemes quickly: the loan guarantee scheme, the airline guarantee scheme, which helps Norwegian airlines affected by the crisis, and a new short-term credit insurance scheme that is especially important to seafood exporters. I am pleased that GIEK's expertise in risk management, credit and digitalisation could be used in new ways to assist business.

Parts of the maritime industry are challenging

In 2020, GIEK helped shipyards, shipping companies and maritime suppliers to deal with the consequences of the pandemic, ensure continued operations and grasp new opportunities. We are pleased that the building loan guarantee scheme for shipyards was expanded, as this strengthens GIEK's services to yards building ships for use in Norway. The extensive use of counter-guarantees¹ has offloaded risk and freed-up capacity in the banks' credit limits for the industry. This has contributed to many Norwegian deliveries of maritime equipment and designs to foreign buyers.

Offshore shipping companies still have serious liquidity and balance-sheet challenges as a result of less activity in the oil industry for several years. Reducing GIEK's and the Norwegian state's losses in this sector by as much as possible has been a high priority for GIEK for many years. The COVID-19 situation has helped to further increase the risk in the offshore sector. GIEK's total loss provisions and impairments linked to the sector increased considerably in 2020. We also see that the situation at several of the biggest shipyards is demanding. Financial restructuring and dialogues with companies in a difficult situation are therefore highly prioritised areas for GIEK.

A more efficient and accessible export and financing agency

In what is a challenging economic situation both for Norway and worldwide, our exporters can soon start to use a simplified, easily accessible export-financing service when GIEK and Export Credit Norway merge to form Export Financing Norway on 1 July 2021. The Norwegian state will continue to stand behind its current guarantee obligations after the merger, and the products and schemes will remain the same.

GIEK's last ordinary annual report

I have had the pleasure of being the CEO of GIEK for almost 16 years, during which Norwegian industry has experienced several large cyclical fluctuations. I have often felt proud of leading such a competent and adaptable organisation. For most of 2020, GIEK's 96 employees worked from home and on new digital platforms. Good teamwork has meant we could continue to support export companies, handle a demanding offshore portfolio, administer three new emergency schemes for companies and at the same time plan a new export financing agency as from 1 July 2021. You can read more about the most important things we have managed to do in the past year in this annual report. Enjoy the read!



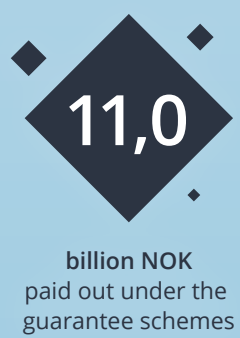
Wenche Nistad

Chief Executive Officer

¹ Norwegian exporters often have to provide guarantees in connection with contracts they enter into. These guarantees ensure that the buyer will be compensated if the Norwegian exporter does not meet its obligations, but can also ensure that the exporter will receive settlement from a foreign bank.

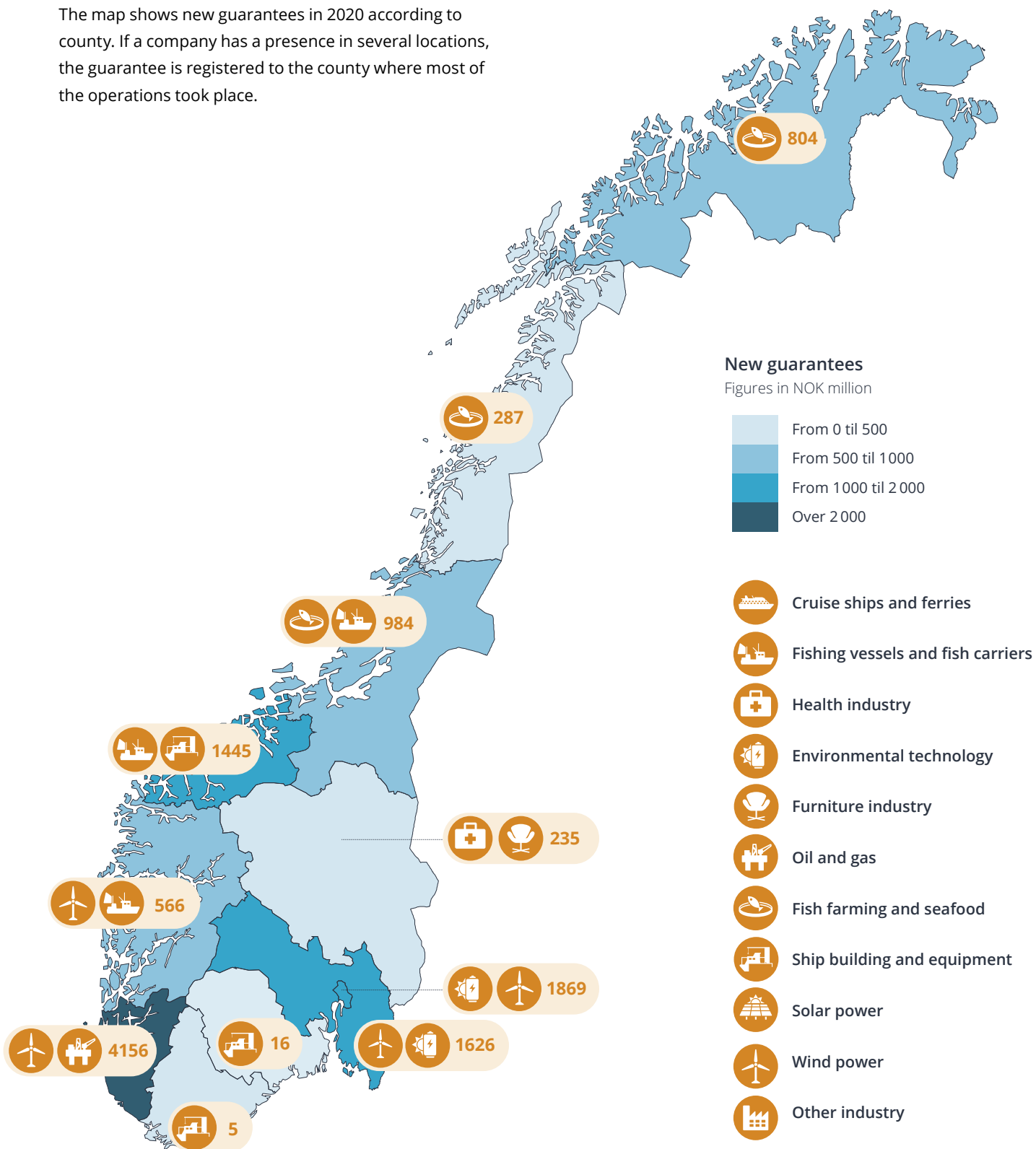
Main figures

– for 2020



Map 2. New guarantees in 2020
 Figures per county in NOK million.

The map shows new guarantees in 2020 according to county. If a company has a presence in several locations, the guarantee is registered to the county where most of the operations took place.





«Without guarantees from GIEK, DNB wouldn't have been able to give us the loans we needed to deliver on the contract»

Leif Rune Skymo
CEO of Curida



«Equinor greatly values its cooperation with GIEK and GIEK's extensive support to Dogger Bank. GIEK's contribution is very important to the financing of Dogger Bank and the use of Norwegian suppliers in this and future projects»

Mads Holm
Head of Finance at Equinor



«GIEK has contributed financially to the development of several of the projects we've delivered cables to. These contributions have been an important prerequisite for the realisation of these projects and have provided good support to us as an exporter of Norwegian expertise and technology to the global market»

Ragnhild Kattelund
CEO of Nexans Norway AS



«GIEK has contributed to the financing of two important development projects that allow the Norwegian aquaculture industry and Norway Royal Salmon to help increase the production of healthy, environmentally friendly seafood»

Ola Loe
CFO Norway Royal Salmon



«The loan from DNB, with guarantees from GIEK, is a new development that gives us the support we need to reach our export goals»

Eirik Fadnes
CEO of Cambio Group



«GIEK's guarantee was the deciding factor that made us certain enough to provide a loan. GIEK's guarantee also meant we could give the customer a better offer»

Trine Gansmoe
Corporate advisor with SpareBank 1 Nord-Norge

Report of the Board of Directors

Norwegian industry is in the midst of a transition that is necessary to compete internationally.

Here, GIEK plays an active role in ensuring equal competitive conditions for Norwegian industry and good financing solutions for both exporters and buyers of Norwegian goods and services. In 2020, GIEK provided guarantees relating to, for example, offshore wind power, environmentally friendly ships and ship technology, and aquaculture/seafood. This has resulted in a wider portfolio and contributes to less overall risk, leading to local ripple effects and jobs, national growth and renewable energy.

The combination of the pandemic and low oil price has caused further problems for the oil and gas sector. Deliveries to this sector have dominated Norwegian capital goods exports for the past 20 years, and thus comprise a large share of the risk exposure. GIEK is participating in several challenging restructuring operations, and, like the banks, made additional provisions for losses in 2020.

Main goal achievement

GIEK's objective is to contribute to increased Norwegian exports, value creation and employment. GIEK guarantees are an instrument for reaching the government's goal of having the largest possible overall value creation in the Norwegian economy within sustainable frameworks. By offering long-term, predictable credit guarantees to exporters' customers abroad and guaranteeing loans for export-related investments in Norway, GIEK makes Norwegian exporters more competitive. We are a supplement to the private financing market.

GIEK's goal is for its revenues and expenses to break even in the long term, and this is challenged by the difficult economic situation of our customers in the offshore oil and gas industry. Using their specialist expertise and through hard work and demanding negotiations, our employees and managers handled many parallel restructuring issues in 2020. Effective loss-reducing measures have been implemented to safeguard the Norwegian state's overall assets.

Norwegian industry is taking part in a global green shift. In 2020, GIEK provided guarantees for offshore wind power, aquaculture and the financing of environmentally friendly ships, and has thus actively contributed to this shift.

We prioritise a close dialogue with both existing and new exporters and their customers. These include large and small companies. We collaborate closely with banks nationwide to put together financing solutions that promote Norwegian exports and make our services better known.

The Board believes that GIEK has achieved the goals and priorities set by the Ministry of Trade, Industry and Fisheries for increased value creation, and that new guarantees and the restructuring work contribute to GIEK's guarantee schemes being able to break even over time. The difficult economic situation in the oil and gas industry has reduced this sector's ability to service debt. As a consequence, the debt cannot be serviced and financing institutions are making large provisions for losses. These loss provisions challenge the time horizon for when the schemes can once again break even.

In 2020, GIEK was assigned responsibility for administering three temporary guarantee schemes that are among the government's industrial measures to compensate for the effects of the corona pandemic. The Board is very pleased that, by using internal resources and re-prioritising, we quickly established goal-oriented, transparent and digital schemes. Among other things, a system for public insight into the loan guarantee scheme was established on the website, and GIEK has come far in fully automating processes right from the start.

The handling of the three temporary schemes comes in addition to a high level of activity linked to following up the risks linked to existing commitments and assessing new projects. We have had to do our work differently given the restrictions resulting from the pandemic. The Board wishes to praise the employees for their flexibility and hard work during the past year which has not led to any reduction in efficiency.

Export-promoting tool for Norwegian industry

GIEK cooperates with Norwegian exporters in their internationalisation efforts and entry into industries and contracts. This export-promoting tool is especially important for Norwegian industry in the current shift. The Board wants GIEK to assist Norwegian industry in the ongoing transition process and actively provide expertise to companies throughout the value chain. Correspondingly, as a financing partner, we have developed insight into and analysis capacity for new industries in order to be a good discussion partner and able to professionally assess risk. In 2020, we gave 143 new guarantee offers for a total of NOK 20 billion and issued 127 guarantees for approximately NOK 15 billion. This is a reduction compared to 2019, but the level confirms Norwegian exporters' ability to adapt and compete.

More varied export is financed and deliveries to green projects are increasing

Large guarantees for offshore wind power in 2020 show that GIEK's services meet an important need and that export financing is an important part of the competition picture when Norwegian companies bid on offshore wind power projects. This is an industry where technology is developing rapidly and projects are increasingly being realised. With their knowledge of the interaction between engineering, design, planning and construction in the oil and gas industry, Norwegian suppliers have an opportunity to take a position in this market. GIEK is actively supporting this work in several ways.

We are now seeing a greater variety of applications compared to the previous 15 years, when the oil and gas industry was dominant. Offshore wind power, aquaculture, well-boat shipping, furniture and environmental technology companies are among those requesting export-related financing. GIEK has also issued its first guarantee to the pharmaceutical industry. We proactively inform large and small companies of our offers and discuss relevant solutions.

We want our offers to support the transition processes and ensure more sustainable Norwegian exports. We see that this helps small and medium-sized companies to win contracts, both as direct exporters and as subcontractors. In total, this has local ripple effects and contributes to national growth.

GIEK shares export financing risks with Norwegian and foreign banks as well as export credit agencies (ECAs) in other countries. We actively work with our partners in other countries both to ensure an appropriate sharing of the risk and to promote Norwegian exporters' knowledge and ability to deliver. The number of co-guarantors available in the oil and gas industry has fallen because several international banks have changed their policy and no longer want to take part in financing oil and gas projects. Some other ECAs are considering doing the same. Several banks are also selling their shares in doubtful investments in this sector. Banks are being more selective about granting building loans, and this depends on the individual shipyard's financial situation.

On the whole, we believe the export financing services offered are good and make a positive contribution to Norway's ability to compete.

Customer-oriented and useful to society

The Board wishes to thank GIEK's 96 employees for their efforts to promote Norwegian exports, value creation and employment that they have carried out in home offices and via online meetings. In 2020, natural arenas such as conferences, seminars and physical meetings with customers were replaced by digital solutions. GIEK therefore prioritised a presence in digital channels and relevant digital publications.

The value of our international network of buyers of Norwegian goods and services and of counterparts working in export financing and banks has become more visible during the pandemic. Our knowledge of other countries' schemes and the OECD regulations was also important in the work of shaping the temporary guarantee schemes.

The Board believes that GIEK has administered the temporary guarantee schemes for loans to airlines and Norwegian companies and short-term credit insurance in a good, efficient manner and has reached out to new companies. These schemes are described in the annual report. Since they are distinct from GIEK's ordinary schemes, separate accounts are presented in chapter 6.2.

GIEK is to be customer-friendly and accessible to users. Customer surveys conducted during the year show that Norwegian companies, banks and buyers of Norwegian goods and services were satisfied with GIEK's work and guarantee products. Menon Economics' user and effect surveys show that GIEK was a direct trigger for economic activity and contributed to employment and value-creation in Norway. The surveys make it clear that GIEK's guarantees expand the banks' lending capacity.

Main figures for the guarantee activities

The main figures for the general guarantee scheme, developing countries guarantee scheme, building loan guarantee scheme, domestic ship guarantee scheme and power purchase guarantee scheme at the year-end (2019 figures in brackets) show:

- ◆ Outstanding guarantee liabilities and receivables of NOK 95 billion (NOK 102 billion)
- ◆ 118 new applications for guarantees for a total of NOK 26 billion (160 for NOK 26 billion)
- ◆ 143 new offers of guarantees for a total of NOK 20 billion (171 for NOK 23 billion)
- ◆ 127 guarantees issued for NOK 15 billion (178 for NOK 22 billion)

New guarantees relating to offshore wind power, ship-building and seafood have resulted in a broader portfolio and contribute to a lower overall risk level. This means that GIEK is now taking part in a wider range of Norwegian export industries, and this change is also linked to a change in the geographical distribution of exporters from 2019 to 2020, as shown in map 2.

The general guarantee scheme comprises just over 90 per cent of GIEK's outstanding liabilities, while the power purchase guarantee scheme accounts for 6.3 per cent, the domestic ship guarantee scheme accounts for 1.6 per cent, the building loan guarantee scheme accounts for 1.4 per cent and the developing countries guarantee scheme

accounts for less than 1 per cent. Of the issued guarantee volume for all schemes, 80 per cent were buyer credit guarantees, while 6.3 per cent were power purchase guarantees and 5.7 per cent were loan guarantees for export-related investments in Norway.

Overall results for 2020

- ◆ GIEK's operating revenues are to cover the administration of the guarantee schemes and losses. The total operating revenues for all the guarantee schemes in 2020 were NOK 1.9 billion (NOK 1.7 billion in 2019). The guarantee schemes are referred to as one, but have separate accounts.
- ◆ The total portfolio of outstanding guarantees is NOK 75 billion, a reduction from NOK 89 billion in 2019.
- ◆ GIEK has receivables of NOK 20.0 billion linked to payments under guarantees, an increase from NOK 12.6 billion in 2019.
- ◆ The result before loss provisions and impairments was NOK 1.7 billion. After loss provisions and impairments, the result was a loss of NOK 11.4 billion.
- ◆ Considerable loss provisions have been made for outstanding guarantee liabilities relating to the offshore service industry.
- ◆ The loss provisions and impairments have increased by NOK 13.1 billion, including a realised loss of NOK 2.5 billion.

Break even over time

Oil and gas technology has been a dominant part of Norway's export industry over the past 20 years. The oil and gas exposure as part of the general guarantee scheme fell from 88 per cent at the end of 2016 to 61 per cent at the end of 2020. Measured in NOK, this is a reduction from NOK 87.7 billion to 53.0 billion. Both the oil-price fall and the green shift have led to GIEK having less activity in this sector, while GIEK's targeted and focused efforts have contributed to an increase in other sectors. In 2020, GIEK sold commitments to reduce its exposure to this industry.

The situation at several shipyards is very serious. They are in the middle of a transition from oil and gas to other sectors. GIEK provides guarantees for the financing of ships and equipment produced at shipyards in Norway and building loan guarantees for ships built at Norwegian shipyards. In December 2020, the Building Loan Guarantee Regulations were expanded so that advance guarantees without any requirement of export can also be granted under the scheme.

The transitioning at Norwegian shipyards has among other things led to the cruise sector and aquaculture suppliers now comprising a significant part of GIEK's outstanding guarantee liabilities. In 2020, the outstanding liabilities for offshore wind power increased considerably and we saw good growth in the financing of more environmentally friendly ships, ship technology and aquaculture. At the end of 2020, GIEK's portfolio was far more varied than it was just a few years ago. GIEK has granted payment deferrals, on the same conditions as other export guarantee agencies in Europe, to companies owning cruise ships and ferries that sail from Norway to other countries. These companies are particularly negatively affected by the corona pandemic and infection control measures, but we expect them to resume their activities once the vaccination programme has been completed.

The challenges facing the offshore sector increased sharply due to both the lockdown resulting from the corona pandemic and the Russian-Saudi Arabian crude oil price war. In addition, the green shift and change of pace linked to the phasing out of hydrocarbons as an energy source create uncertainty about the future market balance for offshore services and offshore service vessels too. Our exposure to offshore shipping companies mainly consists of GIEK's outstanding receivables, and this industry accounts for most of the defaulted-on portfolio. We have made considerable provisions for losses. The loss provisions are subject to thorough assessment and reflect the borrowers' reduced ability to service debt.

GIEK's five ordinary guarantee schemes must all break even financially over time. The break-even requirement includes state grants to cover losses. In order for the general guarantee scheme to break even in the long term, we are dependent on good solutions for restructuring cases and the recovery of amounts. The Board believes that GIEK does a very thorough job in difficult cases. We search for solutions that help to reduce the scheme's final loss by as much as possible while also establishing a base for profitable operations for, and the servicing of debt by, the debtor company in the future. We place emphasis on the recommended solutions not entailing significant disparate treatment.

Based on current market conditions and loss provisions, projections indicate that the general guarantee scheme will make a loss during the period up to 2027 and that the earnings will thereafter gradually cover the accumulated loss. The Board therefore believes that the scheme will break even in the long term.

In the revised national budget, the government has granted NOK 10 billion in loss provisions to cover any losses under the general guarantee scheme.

For the general guarantee scheme, a drawdown facility has been granted with a limit of NOK 16 billion, which is considered sufficient to cover the current liquidity requirements. Liquidity requirements arise when guarantees are redeemed and converted into receivables.

GIEK's risk assessments, loss provisions, recoveries after calls on guarantees and liquidity forecasts indicate that the other guarantee schemes will also break even in the long term, including the domestic ship guarantee scheme if this is continued after 2021.

Loss provisions, payments under guarantees and drawdown facilities

GIEK's annual result is greatly affected by changes to the loss provisions for the guarantee liabilities and impairment of receivables. The Board's half-yearly assessments of loss provisions and impairments are based on extensive analyses of industries, the change in the value of collateral, and individual companies' ability to service debt. The assessments utilise various scenarios regarding future cash flows to service underlying loans, the ideas of external international rating agencies, and models. Processes and assessments are examined thoroughly by internal and external auditors. Collateral is also compared to broker values and observed transactions in the market.

The IFRS 9 accounting principles form the basis when calculating loss provisions and impairments for individual companies and groups of companies. The total loss provisions and impairments at the end of 2020 equalled NOK 19.9 billion, compared to NOK 10.0 billion at the end of 2019.

GIEK paid out NOK 11.0 billion under guarantees in 2020, and this has led to a need for liquidity. GIEK has therefore used the drawdown facility with the Ministry of Trade, Industry and Fisheries for the general guarantee scheme. At the end of 2020, GIEK had used NOK 6.6 billion of the drawdown facility. GIEK expects to make further payments under guarantees relating to offshore services and offshore service vessels in future.

Rann Rådgivning AS has, at the request of the Ministry of Trade, Industry and Fisheries, assessed the Norwegian state's risk exposure through GIEK. Rann writes that "GIEK's handling of credit risk appears to be good as regards both the assessment of the credit risks when the commitment is entered into, the follow-up of these risks and the attempts to maximise the recovery value if and when incidents that trigger compensation occur". Rann concludes that GIEK's calculation of expected losses in accordance with IFRS 9 is in accordance with industry practice, and recommends that, in addition to the current individual loss provisions and group provisions, GIEK should also make provision for unexpected losses. At GIEK, we are positive to establishing such an assessment and want to be open about our risks and possible losses.

GIEK's loss assessments and impairments are the Board's best estimate of the risk of loss in the guarantee and receivables portfolios as at 31 December 2020. However, there is always a risk of incidents that affect the loss provisions over time. The Board therefore underlines that the calculations are uncertain.

Restructuring and recovery

GIEK plays an active role in negotiations on the restructuring of debt linked to our doubtful commitments. We want to be a professional, solution-oriented party in ongoing and future restructuring operations in the offshore service sector, which will continue to be an important export industry in the future. A lot of restructuring cases are extensive, involving many players that may have differing interests. Such cases are resource-demanding and take time.

When necessary to safeguard the state's assets, GIEK is authorised to become the temporary owner of shares or other property.

Environmental, social and governance factors

In the Board's opinion, GIEK conducts thorough assessments of anti-corruption, environmental and social factors before issuing new guarantees. GIEK is a member of the UN-appointed group to ensure sustainable business in ocean areas.

The Board believes that GIEK is to be a driving force in promoting sustainable solutions and wants to encourage financing that also benefits society and the environment. For this purpose, GIEK has developed a tool for comparing transactions to the UN Sustainable Development Goals and determining whether the individual project has a positive effect in a sustainability perspective. For Norway's strong maritime sector, SDG 14 Life Under Water is particularly relevant. Due to several transactions linked to the building of ship hulls at foreign shipyards, GIEK has achieved broad knowledge of the conditions at these yards. GIEK therefore stipulates requirements for the working conditions and HSE factors at foreign shipyards in relevant transactions.

GIEK supports and seeks to ensure international, recognised human rights in accordance with the UN principles governing business and human rights.

Own house in order

GIEK has good corporate governance and internal controls. The review by the internal auditor confirmed that legislation and guidelines, procedures and internal-control reports have been complied with without any significant non-conformances.

Of GIEK's 96 employees, 17 have an immigrant background and the gender division is 52 per cent women and 48 per cent men. The management group consists of four women and two men.

The Board believes that GIEK has dealt with guarantee cases, managed the portfolio and made the range of guarantees known in an efficient manner, and that the management's use of resources is suitably adapted to the tasks and challenges. The year's administrative expenses came to NOK 187 million, compared to the budget of NOK 203 million that, in addition to the preliminary allocation, includes extra funds granted for administrative expenses relating to the creation of the schemes established as

pandemic measures and their operation over several years. So far, NOK 22 million has been allocated to these schemes, and NOK 12 million of this was spent in 2020. The operating expenses are monitored regularly by the Board, and the under-usage has been particularly linked to the reduction in travel and course activities as a result of COVID-19 measures.

The Outlook and Export Financing Norway

As from 1 July 2021, our work will continue in a new export financing agency – Export Financing Norway (Exfin), consisting of the current GIEK and Export Credit Norway. We believe this new combined entity will help to make this instrument more efficient, strengthen the export financing expertise and, not least, improve the user-friendliness.

The Board thanks GIEK’s employees for the work they have carried out in work groups to prepare for the merger with Export Credit Norway. We are focused on GIEK following up its customers as actively as usual up to the merger date.

At the same time, we are convinced that the expertise and experience in the two organisations complement each other and that there is the potential to simplify, make the services even better known and attract and retain specialist expertise in export financing.

Up to the merger, GIEK will continue to support Norwegian companies in international markets that are in part affected by an economic downturn. There is great uncertainty about economic developments going forward, and the outlook depends to a large extent on how quickly the pandemic is brought under control. The challenges involving necessary restructuring operations, changes to the economy, the expected termination of temporary emergency schemes and the merger with Export Credit Norway will all affect 2021.

Oslo, 16 March 2021



Karin Bing Orgland
Chair



Torfinn Kildal
Deputy chair



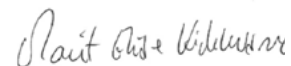
Board member



John G. Bernander
Board member



Margrethe Hauge
Board member



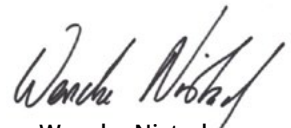
Marit E. Kirkhusmo
Board member



Nina Udnes Tronstad
Board member



Hans Melandsø
Employee representative



Wenche Nistad
Chief executive officer



The government's corona measures under GIEK

Norwegian export industries faced major challenges due to the corona pandemic. In this situation, parliament and the government showed they were able to act, and GIEK was asked to quickly implement three temporary guarantee schemes to help these companies through the crisis.

Guarantee scheme for airlines with a Norwegian operating licence

GIEK manages the NOK 6 billion airline guarantee scheme. The objective of this guarantee scheme is for the airlines to obtain access to financing in the market and for Norwegian civil aviation to remain in existence during a financially demanding period resulting from the corona crisis. As at 31 December 2020, guarantees for NOK 4.5 billion had been issued.

Guarantee scheme for loans to companies

GIEK manages the loan guarantee scheme. This scheme is intended to ensure partly state-guaranteed bank loans to companies that are facing an acute shortage of liquidity due to the corona pandemic. The banks can obtain a 90 per cent state guarantee for loans that are granted in accordance with the regulations. The scheme has an upper exposure limit of NOK 50 billion and a loss fund of NOK 10 billion. As at 31 December 2020, NOK 11.3 billion had been used. The banks' use of the scheme is reported to GIEK, but GIEK is not involved in the credit assessments or credit allocation. As at 31 December 2020, 3 912 loans had been granted under the scheme.

Reinsurance of short-term credit insurance

The NOK 20 billion scheme for reinsuring credit insurance was established at the end of June 2020. The objective of this guarantee scheme is for credit insurance companies with activities in Norway to maintain their services to companies in Norway in 2020 despite a considerably higher risk in the market. The scheme has ensured a stable supply of short-term credit insurance, which is especially important for seafood exporters.

At the year-end, 527 companies had made use of this scheme via the credit-insurance companies. Of these, 416 were small or medium-sized enterprises. The total payments so far have been far less than expected. Claims that have been paid and reported equal just under 2 per cent of the loss fund of NOK 1.62 billion. The scheme has been extended until 1 July 2021.

GLEK's contribution to industry and society

GLEK contributes to society in three fundamental ways:

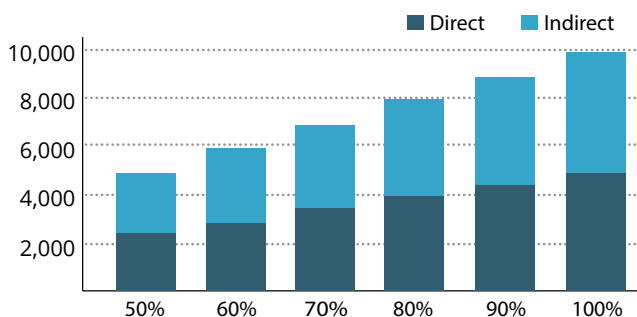
- ♦ it is more likely that enterprises will win contracts and obtain financing
- ♦ the banks increase their lending capacity, which improves industry's access to capital
- ♦ society achieves higher levels of employment and value creation

The majority of GLEK's guarantees help to realise specific export contracts. GLEK is particularly important to the ocean-based industries, and the vast majority of new guarantees in 2020 were issued to companies in the maritime, offshore wind power, fisheries and aquaculture industries. The guarantees primarily help to increase the number of jobs in companies that are highly cyclical (maritime), have a high level of investment activity (fisheries and aquaculture) or are growing strongly (offshore wind power).

Assessment of the effects of guarantees on jobs and value creation

According to Menon's analysis, the overall effect on jobs in 2020 resulting from the export contracts and projects financed by GLEK was around 4 100 employees of Norwegian companies. Of these, 2 050 are employed by Norwegian export companies with deliveries to GLEK-guaranteed transactions (direct effects) and 2 090 are employed by Norwegian subcontractors to the projects (indirect effects).

Figure: The effects of GLEK's guarantees on jobs (ripple effects)



Source: GLEK and Menon Economics

Customer satisfaction

Menon Economics has conducted customer-satisfaction surveys covering 90 per cent of the companies and banks that received guarantees in 2020. Menon Economics interviewed 49 players linked to GLEK's 29 new cases in 2020. These 49 players include Norwegian exporters, Norwegian and foreign buyers and commercial banks.

The surveys show that GLEK on the whole achieves a high score for its service level, with a total score of 4.4 (on a scale from 1 to 5 where 5 is best). The service score is at the same level as in previous years. Customers (buyers, sellers) are slightly more satisfied than the banks.

In addition, Menon interviewed 23 business partners of GLEK and Export Credit Norway, including law firms, trade associations, state authorities/agencies, foreign ECAs and banks (international and regional). This survey shows that a clear majority of the business partners are pleased with the services offered. The general opinion is that the case work and documentation are good.

However, the time spent on case work and the documentation requirements receive the lowest scores in the user survey. Feedback from several customers is that the case-work time is thought to be longer than expected and that the documentation requirements, especially in cases concerning small and medium-sized enterprises, are extensive. GLEK acknowledges that thorough credit assessments can take a lot of time and sees an improvement potential for both communication with customers and procedures that we will incorporate into the work of establishing Export Financing Norway.

Following the merger, customers will deal with one common state export financing agency for both loans and guarantees, and this will lead to simplification and greater efficiency for those using the services.

Distribution according to industry

Oil and gas

GIEK's concentration risk linked to the oil and gas industry fell during 2020, but the guarantees remain in force for several years after the export or investment has taken place, and at the end of 2020 GIEK still had exposure of 61 per cent, or NOK 53 billion, relating to current oil and gas industry guarantees and receivables under the general guarantee scheme.

Ships and ship equipment

GIEK's outstanding liabilities linked to ships and ship equipment are to a large extent linked to the oil-service sector, but the percentage of guarantees for ferries, aquaculture, fisheries and cruise ships increased from 2017 until the end of 2020.

GIEK's guarantees are linked to 383 vessels in the offshore, shipping, fisheries and cruise industries. Most are in the offshore service industry.

Norwegian shipyards built a strong position in new market segments relating to passenger ferries and expedition and luxury cruises before the pandemic. However, the building of new ship types has put pressure on the shipyards' profitability. The weak economy of the largest shipyards has led to fewer building loans being available from Norwegian banks, but the situation is slightly better for several of the smaller shipyards which are, for instance, building ships for the aquaculture industry. GIEK has therefore received several applications for building loan guarantees from banks that provide loans to Norwegian shipyards. In 2020, the number of new guarantees was on a level with those in 2019, but the guarantee volume was higher in 2020.

Offshore wind power

Offshore wind power projects require suppliers to provide completion guarantees that have both higher amounts and longer validity periods than in the oil and gas industry. These guarantees tie up more of the companies' credit lines with the banks. GIEK can offload the banks' guarantees, help the company to assume these obligations, and ensure that the company obtains effective financing. GIEK regards this as a very important tool going forward in the work of helping exporters to win contracts.

As regards the long-term financing of offshore wind power projects, most of this relates to projects in established markets and projects in new countries where financing from export credit agencies (ECA financing) can increase the banks' capacity and thus help to realise a large number of projects. The size of the projects has increased in the past few years. In some cases, this means that ECA financing is attractive as part of the total financing. GIEK works strategically to make GIEK's guarantees (equal to an AAA rating) well known to the Norwegian suppliers, the international developers and their advisors, the banks and other countries' credit institutions. Norwegian suppliers can include an offer of GIEK's participation in the financing as early as in the tendering process, while GIEK will follow up via contact with the project owners and their advisors. Through this work, GIEK has in a short space of time been noticed and become known in the market.

In 2020, the strategic work produced results, and GIEK helped to finance three different offshore wind power projects abroad. In total, GIEK now has an offshore wind power portfolio of NOK 7.6 billion.

Seafood industry

After new guarantee products were introduced in 2017, GIEK has carried out active marketing work to inform companies of our new opportunities to support the important seafood industry. This marketing work has resulted in a quadrupling of the guarantees to companies and banks that are actively involved in the aquaculture and fisheries industries, and the seafood industry guarantee portfolio is now at around NOK 5 billion. Norway's seafood industry is very willing to invest in new technology, and Norwegian banks want GIEK to offload some of this risk so that they have the capacity to help their customers. Through GIEK's assistance, the seafood industry obtained financing for pioneering net pen structures for use in the open sea, innovative well-boats and slaughter boats, new fishing boats and advanced processing and slaughter facilities that increase the industry's capacity and competitiveness.

The importance of short-term credit insurance for seafood exporters

Short-term credit insurance has been important for the seafood industry ever since the 1920s, especially when exporting to challenging markets outside the EU/OECD area. However, the outbreak of the corona pandemic led to a sharp reduction in the availability of commercial credit insurance, including for risks in EU and OECD countries. The EU and ESA therefore approved all countries as "non-marketable" in 2020, which led to the introduction of this and similar schemes in other countries.

Seafood comprises just over 45 per cent of all the insured sales under the temporary guarantee scheme for the reinsurance of short-term credit insurance, and almost 40 per cent of the total credit limits under this scheme.

Table 9. Distribution of industries in GIEK's guarantee portfolio in 2020

| MTIF industry group | MTIF product group | Current applications | Current offers MNOK 31.12.2020 | Outstanding guarantee liabilities MNOK 31.12.2020 |
|-------------------------------|--------------------------|----------------------|--------------------------------|---|
| Other industry and businesses | Other | 25,215 | 17,407 | 13,301 |
| | Ships and ship equipment | 143 | 2,969 | 17,256 |
| Renewable energy | Other | 1,639 | 63 | 7,917 |
| | Ships and ship equipment | 0 | 0 | 1,349 |
| Oil and gas | Other | 12 | 0 | 8,201 |
| | Ships and ship equipment | 3,484 | 0 | 27,355 |
| Total | | 30,493 | 20,439 | 75,379 |

The outlook

The international markets are changing and are affected by political uncertainty and the pandemic. For this reason, it is beneficial to Norwegian companies to have a predictable, internationally competitive export financing service. As from 1 July, GIEK's guarantees and Export Credit Norway's export loans will be gathered in a new, merged agency, Export Financing Norway (Exfin). This agency will continue to provide GIEK's and Export Credit's services and will offer a combined export financing service that supports Norwegian companies when competing internationally.

As a result of previous years' exports, the oil and offshore service industries still make up most of GIEK's outstanding guarantee liabilities, and developments in this sector will be very important to Exfin in the future.

Market outlook

The ripple effects of the measures to reduce COVID-19 infections are unclear since the state's financial countermeasures are also considerable. Less growth in the economy affects all economic activity, but some sectors have been affected more than others, especially the airline and travel industries. It is therefore still uncertain how deep and long-lasting the current crisis will be.

Norwegian industry has grown in the shadow of high oil prices and high levels of investment in the oil sector, and this has to a large extent shielded Norway from external shocks. The access to capital for "green" projects increased in 2020, and a global shift to "green" energy appears increasingly realistic. This has created further uncertainty about the longer term demand for oil, and contributes to the reduced willingness to invest in new fossil projects – especially in offshore deep waters. There is a large overcapacity in the market of offshore vessels of the type that GIEK still has a lot of credit exposure to.

Despite the very demanding work of limiting losses in our portfolio exposed to the offshore sector, we have adapted our guarantee offers, among other things by expanding

the coverage area for loans for export-related investments, loans for domestic ships, and loans to carry out export contracts.

Aquaculture and renewable energy

In 2020, GIEK saw a good effect from marketing its guarantee products, especially to the offshore wind power and fish-farming industries. We have seen an increase in applications from and guarantees issued to the offshore wind power industry. GIEK also sees the effects of marketing work aimed at the seafood industry.

The salmon market experienced a fall in demand after March 2020 because the sale of fresh fish to restaurants worldwide was limited due to the COVID-19 restrictions. The drop in the demand for fresh salmon and low prices have led to small margins for some aquaculture facilities. Growth in demand depends on the lifting of the COVID-19 restrictions.

The market for renewable energy is growing and becoming steadily more competitive compared to conventional power sources due to the declining unit costs for wind and solar power. GIEK expects Norwegian deliveries related to this segment to lead to a demand for guarantees and that this will comprise a larger part of the outstanding guarantee liabilities.

GIEK receives regular inquiries about the power purchase guarantee scheme, and more power purchase guarantees are expected to be issued in future.

Oil and gas

The oil price is the most important factor for the oil companies' investment activity, and thus also for the demand for offshore service vessels. The oil price fell at the beginning of 2020 as a result of the considerable drop in the demand for oil caused by the global infection-control measures and the price war between Saudi Arabia and Russia. Although the current oil price is higher than it was in the spring of 2020 (around USD 65/barrel in February 2021), the current level still indicates a high risk that the oil companies' investment projects will be further postponed. This in turn has a negative effect on the demand for offshore services. It takes time to rebalance the supply of vessels, which is characterised by a huge surplus of ships. This process is still very demanding but there are signs of slight improvement in some segments.

The restructuring operations in the past few years have primarily been in ship-owning companies in the offshore service market. In 2020, several companies had to ask their creditors for a further restructuring of their debt as previous measures had not been sufficient. The mood of these negotiations has changed - from postponing debt obligations to, to a greater extent, reconstructing the company's financial balance sheet and adapting the fleet size to a permanent change in demand. This has affected the value of vessels. We have seen increasing purchases of units, especially of newer vessels, but this is segment-dependent. One important factor when assessing the market value of individual ships is the need for investments to meet classification society requirements. This particularly applies to modern ships that have been laid up.

The green shift is helping to turn investments away from oil and gas. This leads to greater uncertainty about the future demand for vessels in this sector, and thus helps to weaken hopes of higher day rates and possibilities of servicing debt in the normal way. This can be seen from the weak developments in the market values of offshore service vessels, and has a negative effect on GIEK's offshore service portfolio.

Ships and ship equipment

Norwegian shipyards have achieved a strong position in market segments such as passenger ferries and expedition and luxury cruises. However, the building of such types of ship has put pressure on the yards' profitability. The largest shipyards' weak economy has led to fewer building loans being offered by Norwegian banks, but the situation is slightly better for several of the smaller shipyards which build ships for the aquaculture industry, for example. GIEK has received several applications for building loan guarantees from the banks that provide loans to these shipyards.

In 2020, the number of new guarantees was at the same level as in 2019, but the guarantee volume was higher. The largest shipyards' need for financing is now to a larger extent met by higher advance payments from buyers. The regulations governing building loan guarantees were changed in December 2020, and this scheme is now also available for advance guarantees without any export requirement.

The market for cruise ships that can be built in Norway has fallen due to COVID-19 measures. The shipping companies have mainly closed down their activities and have initiated measures to maintain their liquidity during the pandemic. GIEK, like other countries' export financing institutions, has granted payment deferrals to customers in this segment. Based on available estimates and calculations, balanced market developments are expected after the return to a normal market. This is substantiated by demographics, revenue developments and the general shift towards preferring unique experiences and adventure destinations. In addition, shipyard capacity limits the space for capacity growth beyond the ships that are already being built up to 2023/2024. It can be expected that a considerable share of older ships in the fleet may potentially leave the market, and that will lessen the likelihood of overcapacity.

The domestic ship guarantee scheme is relevant for the Norwegian ferry market. There has been a lot of tendering activity during which ferry companies have ordered new, environmentally friendly ships. No significant growth is therefore expected in the future.

Plans and priorities

As from 1 July 2021, GIEK and Export Credit Norway will merge to form a new export financing agency – Export Financing Norway (Exfin). Until then, GIEK will continue as before, and will work according to the vision in the strategy plan for 2020-2022: “From Norway to the world”. In order to do this and fulfil the objective, goals and priorities stated by the Ministry of Trade, Industry and Fisheries, GIEK will make various relevant guarantee solutions better known to larger parts of Norwegian industry.

GIEK is to be well informed about other countries’ public export-financing services, consider the need for new products, further develop existing products, simplify application procedures and market the guarantees to new and existing customers and their banks.

As an export-triggering agency and creditor, GIEK requires an organisation that is customer-oriented and has the necessary competence at all times. In the work linked to the restructuring rounds in the offshore service industry, it is important that GIEK takes care of the industry’s system values, safeguards the state’s total assets and retains the expertise it has built up.

In restructuring negotiations, GIEK is to be a solution-oriented party that does not arbitrarily treat customers in the same market differently. It is important to try to minimise the state’s losses and at the same time ensure long-term, sustainable solutions for the industry. GIEK believes the supply side in the offshore service market must be reduced in order to create room for better profitability in the industry.



Annual accounts

The Board of Directors' comments:

In 2020, GIEK achieved positive results for all the active schemes with the exception of the general guarantee scheme. For some of the outstanding guarantee liabilities under the general guarantee scheme, the situation is difficult as a result of the supply of offshore service vessels in the market being larger than the demand, low day rates and poor ability to service debt, reinforced by the corona pandemic and oil price war in 2020. This has resulted in new restructuring operations and considerable loss provisions.

In 2020, there was especially growth in the guarantees provided to the offshore wind power industry, and an increase linked to the financing of environmentally friendly ships and ship equipment and aquaculture. Both the oil price fall and green shift have led to GIEK having lower oil and gas activity, so that the exposure to this industry as part of the general guarantee scheme fell from 88 per cent at the end of 2016 to 61 per cent at the end of 2020. At the end of 2020, GIEK's portfolio was far more varied than it was only a few years ago.

The operations were stable and GIEK delivered good quality services to exporters, buyers, banks and other financial institutions that have requested a broader range of guarantee solutions for more industries. The Board believes that GIEK fulfilled all the requirements stipulated in the allocation letter from the Ministry.

Assessment

The annual accounts have been prepared in accordance with state financial management provisions, circulars from the Ministry of Finance and requirements set by the Ministry of Trade, Industry and Fisheries. In the Board's and CEO's view, the accounts provide an accurate picture of GIEK's financial situation and the results of GIEK's operations in 2020.

The Office of the Auditor General audits and confirms the accounts for the guarantee schemes and the administrative accounts. As soon as it is ready, the auditor's report is published on www.giek.no together with the annual report.

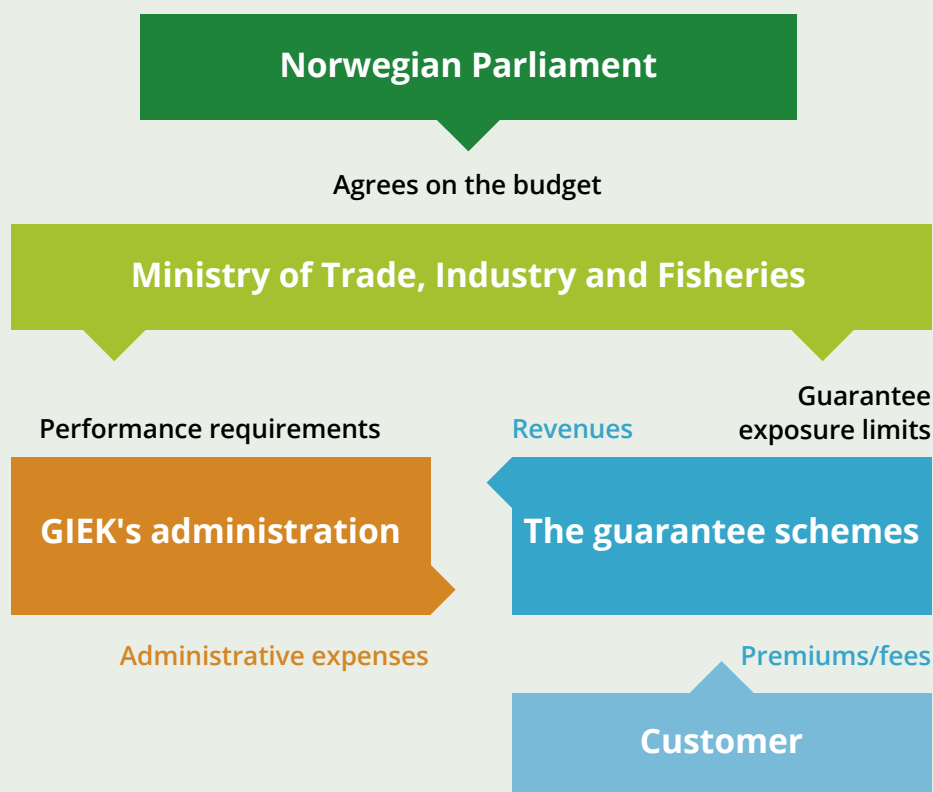
The administrative accounts show a result that is within the available appropriations and the administrative expenses and transactions that are debited to the guarantee schemes. The *guarantee scheme accounts* (fund accounts) show the result of the year's activities for the individual schemes and the follow-up of outstanding guarantees and receivables.

The guarantee scheme accounts (fund accounts)

At the end of 2020, there were total outstanding guarantee liabilities of NOK 75 billion, divided among five active guarantee schemes and two guarantee schemes that are being phased out. There is a wide demand for guarantees as regards export market segments.

Of GIEK's total outstanding portfolio, the oil and gas industry continues to account for a large part of GIEK's total outstanding guarantee liabilities. The Board is pleased that the share of outstanding guarantee liabilities for other industries is growing.

GIEK complies with the Central Government Accounting Standards (SRS). Since SRS does not have separate accounting principles for loans and guarantee operations, GIEK complies with the principles stated in IFRS 9 when calculating individual and collective provisions.



GIEK's budget and accounts

The guarantee schemes' exposure limits for new and current offers of guarantees and for guarantee liabilities are determined annually by the Norwegian Parliament (Storting).

The fund accounts show the guarantee schemes' revenues and expenses in accordance with the Central Government Accounting Standards (SRS). Since SRS does not have separate accounting principles for loans and guarantee operations, GIEK complies with the principles stated in IFRS 9 when calculating individual and collective provisions. This is stated in the notes to the fund accounts.

The expenses of managing the guarantee schemes are debited to the administration according to a distribution formula that is calculated regularly.

Section 7 (1) of the Appropriations Regulations applies to GIEK as a public enterprise, and the operations are budgeted gross. The Norwegian parliament determines a limit for GIEK's administrative expenses which is granted over chapter 2460 of the central government budget.

The Office of the Auditor General of Norway is GIEK's external auditor and the auditor's reports are available at giek.no

General guarantee scheme

In 2020:

- ♦ 114 new guarantees for a total of NOK 13.9 billion were issued
- ♦ Offers of 124 guarantees for a total of NOK 18.0 billion were made
- ♦ 98 new applications for a total of NOK 23.6 billion were received

Exposure limit utilisation

| As at 31.12.2020 | MNOK |
|---|---------|
| Current offers of guarantees | 18,602 |
| Outstanding guarantee liabilities | 67,911 |
| Unutilised under the counter-guarantee exposure limit | 1,047 |
| Receivables | 19,766 |
| = Bound under the exposure limit | 107,326 |
| Exposure limit for the general guarantee scheme | 145,000 |
| Percentage bound under the exposure limit | 74% |

The scheme had guarantee revenues (guarantee premiums and fee revenues) of NOK 1.1 billion and made a loss of NOK 11.5 billion.

Paid out under the guarantees and receivables

GIEK handling of provisions for losses on guarantee liabilities and impairments of receivables is described in the note on principles (note 1).

A total of NOK 11 billion was paid out under guarantees in 2020 (for claim receivables).

As at 31 December 2020, GIEK had receivables and moratorium claims worth NOK 19.8 billion.

GIEK is trying to reduce its losses using various means, but it is nonetheless likely that some of the receivables will result in a loss to GIEK. Future expected losses are recorded in the profit and loss account through impairments, see notes 11 and 12.

In financial restructuring operations, GIEK may convert receivables, earned premiums and interest into shares in order to safeguard assets, the contract basis and, if relevant, operations when this is regarded as financially justifiable. In order to handle GIEK's temporary ownership of such assets, a separate holding company has been established, see note 13. GIEK has internal regulations for operationalising the Ministry of Trade, Industry and Fisheries' guidelines on temporary ownership.

Developing countries guarantee scheme

In 2020:

- ♦ One new guarantee was issued for NOK 3 million
- ♦ No offers of guarantees were made
- ♦ No new applications for guarantees were dealt with

Exposure limit utilisation

| As at 31.12.2020 | MNOK |
|--|-------|
| Current offers of guarantees | 893 |
| Outstanding guarantee liabilities | 447 |
| Unutilised under the counter-guarantee exposure limit | - |
| Receivables | 32 |
| = Bound under the exposure limit | 1,372 |
| Exposure limit for the developing countries guarantee scheme | 3,150 |
| Percentage bound under the exposure limit | 44% |

The scheme had guarantee revenues (guarantee premiums and fee revenues) of NOK 27.5 million and made a profit of NOK 57 million. As at 31 December 2020, there were receivables and moratorium claims worth NOK 32 million.

Building loan guarantee scheme

In 2020:

- ♦ Nine new guarantees for a total of NOK 0.9 billion were issued
- ♦ 11 offers of guarantees for a total of NOK 1.3 billion were made
- ♦ 12 new applications for a total of NOK 1.4 billion were received

Exposure limit utilisation

| As at 31.12.2020 | MNOK |
|---|-------|
| Current offers of guarantees | 467 |
| Outstanding guarantee liabilities | 1,063 |
| Unutilised under the counter-guarantee exposure limit | - |
| Receivables | 19 |
| = Bound under the exposure limit rammen | 1,549 |
| Exposure limit for the building loan guarantee scheme | 7,000 |
| Percentage bound under the exposure limit | 22% |

As at 31 December 2020, the building loan guarantee scheme had receivables of NOK 19 million, see the references to receivables under the general guarantee scheme and in note 11. There were no payments under this scheme's guarantees. The scheme had guarantee revenues (guarantee premiums and fee revenues) of NOK 14.3 million and made a profit of NOK 24 million.

Power purchase guarantee scheme

In 2020 no applications were received for guarantees, no offers of guarantees were made and no guarantees were issued.

Exposure limit utilisation

| As at 31.12.2020 | MNOK |
|--|--------|
| Current offers of guarantees | - |
| Outstanding guarantee liabilities | 4,746 |
| Unutilised under the counter-guarantee exposure limit | - |
| Receivables | - |
| = Bound under the exposure limit | 4,746 |
| Exposure limit for the power purchase guarantee scheme | 20,000 |
| Percentage bound under the exposure limit | 24% |

The scheme had guarantee revenues (guarantee premiums) of NOK 39 million and made a profit of NOK 31 million.

Domestic ship guarantee scheme

In 2020:

- Three new guarantees for a total of NOK 109 million were issued
- Eight offers of guarantees for a total of NOK 586 million were made
- Eight applications for a total of NOK 576 million were received

Exposure limit utilisation

| As at 31.12.2020 | MNOK |
|---|--------|
| Current offers of guarantees | 477 |
| Outstanding guarantee liabilities | 1,212 |
| Unutilised under the counter-guarantee exposure limit | - |
| Receivables | - |
| = Bound under the exposure limit | 1,689 |
| Exposure limit for the domestic ship guarantee scheme | 10,000 |
| Percentage bound under the exposure limit | 17% |

The scheme had guarantee revenues (guarantee premiums and fee revenues) of NOK 28 million and made a profit of NOK 13 million.

Old general guarantee scheme (scheme being phased out)

This scheme still had outstanding liabilities of NOK 1 million. The scheme had receivables and moratorium claims worth NOK 153 million.

The scheme had guarantee revenues (guarantee premiums) of NOK 87,000 and made a loss of NOK 14 million.

Old special schemes (schemes being phased out)

These schemes had receivables and moratorium claims worth NOK 276 million.

They had no guarantee revenues and made a loss of NOK 2.2 million.

Overview of the notes to the guarantee schemes' accounts

- 1 Accounting principles
- 2 Changes in accounting principles
- 3 Revenues from guarantees
- 4 Foreign exchange exposure
- 5 Bank deposits and interest
- 6 Administrative expenses
- 7 Other operating expenses
- 8 Provisions for guarantee liabilities
- 9 The composition of the guarantee portfolio
- 10 Receivables related to payments under guarantees and associated impairments
- 11 Claims under moratorium agreements
- 12 Shares
- 13 Other receivables
- 14 Accumulated capital
- 15 Debt relief plan
- 16 Debt to the Ministry of Trade, Industry and Fisheries (MTIF)
- 17 Other liabilities
- 18 Related parties
- 19 Liquidity risk
- 20 Events after the balance sheet date

Accounts relating to GIEK's administration

The administrative accounts consist of expenditure on salaries, rent, purchases, etc. GIEK is self-funded in the sense that the revenues from the guarantee schemes cover the administrative expenses in accordance with a pre-defined distribution formula that is regularly updated.

GIEK's operating budget is a preliminary allocation and was NOK 203 million for 2020. In addition to the preliminary allocation, extra funds were granted to cover the administrative expenses of creating the schemes established as measures during the pandemic, and for operating these over several years.

So far, NOK 22 million has been allocated for these schemes, and NOK 12 million of this was spent in 2020. The accounts show administrative expenses of NOK 186.6 million, which is NOK 16.4 million under budget.

The underspend in 2020 is linked to measures to limit COVID-19. In addition, extra funds were granted for the administrative expenses of the temporary schemes and these must also cover future expenses. NOK 12 million was spent in 2020.

Oslo, 16 March 2021



Karin Bing Orgland
Chair



Torfinn Kildal
Deputy chair



Shahzad Abid
Board member



John G. Bernander
Board member



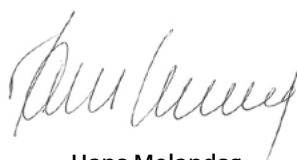
Margrethe Hauge
Board member



Marit E. Kirkhusmo
Board member



Nina Udnes Tronstad
Board member



Hans Melandsø
Employee representative



Wenche Nistad
Chief executive officer

Appropriation reporting and general ledger accounts reporting statements with notes

a) Note on the accounting principles used in the annual accounts

GIEK is a public-sector enterprise under the MTIF with the objective of promoting Norwegian exports and investments abroad. This is to be achieved by issuing guarantees on behalf of the Norwegian state. Separate accounts are presented for the guarantee schemes (fund accounts).

Annual accounts for state agencies are prepared and presented on the basis of detailed guidelines specified in the Provisions on Financial Management in Central Government ("the provisions"). The accounts are in accordance with the requirements in chapter 3.4.1 of the provisions, more detailed provisions in the Ministry of Finance Circular R-115 of November 2015 and any additional requirements imposed by the parent ministry.

The statements on the appropriation reporting and general ledger accounts reporting are based on chapter 3.4.2 of the provisions - the basic principles for annual accounts:

- a. The accounts follow the calendar year.
- b. The accounts contain all reported expenses and revenues for the accounting year.
- c. Expenses and revenues are shown in gross amounts in the accounts.
- d. The accounts are prepared on a cash basis.

The statements on the appropriation reporting and general ledger accounts reporting have been prepared according to the same principles, but are grouped in different charts of accounts. These principles correspond to requirements in chapter 3.5 of the provisions regarding how enterprises are to report to the central government accounts. The item "Net reported to the appropriation accounts" is identical in both statements.

The enterprise is affiliated with the state's group account system at the Central Bank (Norges Bank), in accordance with chapter 3.7.1 of the provisions. Gross-budgeted enterprises are not supplied with liquidity through the year, but have drawing rights on their group account. At the year-end, the balance of each settlement account is reset to zero for the start of the new year. GIEK is set up as a gross-budgeted enterprise in the Norwegian Government Agency for Financial Management's accounting module.

Appropriation reporting

The appropriation reporting statement consists of an upper part containing the appropriation reporting and a lower part showing holdings entered for the enterprise in the capital accounts.

The appropriation reporting presents accounting figures reported by the enterprise to the central government accounts. These are arranged in accordance with the chapters and items in the appropriation accounts which the enterprise is authorised to use. The total allocation column shows the amount made available to the enterprise in the allocation letter for each central government account (chapter/item). The statement also shows all the financial assets and liabilities entered for the enterprise in the state capital accounts.

Authorisations received to debit another enterprise's chapter/item (debit authorisations) are not shown in the total allocation column, but are discussed in Note B to the appropriation statement. Expenses associated with debit authorisations received are recorded, reported to the central government accounts and shown in the accounts column.

Debit authorisations granted are included in the total allocation column, but are not recorded and reported to the central government accounts by the enterprise itself. Debit authorisations that are granted are recorded and reported by the enterprise that has received the debit authorisation and are therefore not shown in the accounts column. Authorisations granted are stated in note B to the appropriation statement.

General ledger accounts reporting

The general ledger accounts reporting statement consists of an upper part showing what has been reported to the central government accounts in accordance with the standard chart of accounts for state agencies, and a lower part which presents assets and liabilities included in the open accounts with the Treasury. The general ledger accounts report presents accounting figures that the enterprise has reported to the central government accounts in accordance with the standard chart of accounts for state agencies. The enterprise has a drawing right on the group account at the Central Bank (Norges Bank). The allocations are not recorded as revenue and therefore not shown as revenue in the statement.

b) Appropriation reporting

The appropriation reporting shows the accounting figures that GIEK has reported to the central government accounts. These are presented according to the chapters and items in the appropriation accounts that GIEK has authority to utilise. As outlined in the note on principles, GIEK has not granted any authorisations.

Appropriation reporting statement

| Expense chapter | Chapter name | Item | Description | Note | Total allocation* | Accounts 2020 | Increase (-)/decrease in expenses |
|--|---|-----------|--|------------------|--------------------|-----------------------------------|-----------------------------------|
| 2460 | Ministry of Trade, Industry and Fisheries | 24.1 | Grant to Contingency Scheme for War Risk Insurance of Goods (BSV) | | 400,000 | 800,000 | |
| 2460 | Norwegian Export Credit Guarantee Agency (GIEK) | 24.1 | Grant from other state agencies | | - | 3,390,000 | |
| 2460 | GIEK | 24.1 | Operating revenues, reimbursement from fund accounts, ordinary schemes | | 203,000,000 | 170,076,354 | |
| 2460 | GIEK | 24.1 | Operating revenues, Airline Guarantee Scheme | | | 1,745,790 | |
| 2460 | GIEK | 24.1 | Operating revenues, Loan Guarantee Scheme | | | 5,641,109 | |
| 2460 | GIEK | 24.1 | Operating revenues, Credit Reinsurance Scheme | | | 4,902,181 | |
| 2460 | GIEK | 24.2 | Operating expenses, preliminary allocation | | 203,000,000 | 174,266,354 | |
| 2460 | GIEK | 24.2 | Operating expenses, Airline Guarantee Scheme | | | 1,745,790 | |
| 2460 | GIEK | 24.2 | Operating expenses, Loan Guarantee Scheme | | | 5,641,109 | |
| 2460 | GIEK | 24.2 | Operating expenses, Credit Reinsurance Scheme | | | 4,902,181 | |
| 2460 | GIEK | 24.2 | Operating expenses, BSV | | 400,000 | | |
| 2460 | Total item 24 Operating profit (loss) | 24 | Operating profit (loss) | | 0 | 0 | |
| Total expensed | | | | | 0 | 0 | |
| Revenue chapter | Chapter name | Item | Description | Total allocation | Accounts 2020 | Increase /decrease (-) in revenue | |
| 5502 | Financial activity tax | 70 | | 0 | 5,130,084 | | |
| 5700 | Employer's national insurance contributions | 72 | | 0 | 14,479,650 | | |
| Total revenues recorded | | | | 0 | 19,609,734 | | |
| Net reported to the appropriation accounts | | | | | -19,609,734 | | |
| Capital accounts | | | | | | | |
| 60064001 | Central Bank group accounts system/paid in | | | | 209,154,627 | | |
| 60064002 | Central Bank group accounts system/paid out | | | | -188,488,764 | | |
| 724070 | Changes in open accounts with the Treasury | | | | -1,056,129 | | |
| Total reported | | | | | 0 | | |
| Holdings reported to the capital accounts (31.12) | | | | | | | |
| 0 | Open accounts with the Treasury | | | 31.12.2020 | 31.12.2019 | Change | |
| | | | | -7,226,158 | -6,170,029 | -1,056,129 | |

Note A – Explanation of the total allocation: expenses

| Chapter and item | Transferred from last year | The year's allocations | Total allocation |
|------------------|----------------------------|------------------------|------------------|
| 90072* | 400,000 | 400,000 | 800,000 |
| 246024 | | 203,000,000 | 203,000,000 |

* The grant to BSV was erroneously not paid in 2019, and the amounts for 2019 and 2020 were thus both paid in 2020.

Note B Authorisations used and calculation of possible amounts transferrable to next year

GIEK is self-funded, so amounts transferrable to next year are not applicable.

c) General ledger accounts reporting statement with notes – 31 December 2020

| | Note | 2020 | 2019 |
|---|----------|--------------------|--------------------|
| Operating revenues reported to the appropriation accounts | | | |
| Grants and transfers received | 1 | 4,190,000 | 1,679,820 |
| Sales and lease revenues | 1 | 182,365,434 | 192,267,704 |
| Total operating receipts | | 186,555,434 | 193,947,524 |
| Operating expenses reported to the appropriation accounts | | | |
| Payroll expenses | 2 | 123,291,093 | 121,135,780 |
| Other operating expenses | 3 | 59,979,026 | 70,772,251 |
| Total operating expenses | | 183,270,119 | 191,908,031 |
| Net reported operating expenses | | -3,285,315 | -2,039,492 |
| Investment and financial income reported to the appropriation accounts | | | |
| Total investment and financial income | | 0 | 0 |
| Investment and financial expenses reported to the appropriation accounts | | | |
| Investment expenses | 4 | 3,285,315 | 2,039,492 |
| Total investment and financial expenses | | 3,285,315 | 2,039,492 |
| Net reported investment and financial expenses | | 3,285,315 | 2,039,492 |
| Collection activity and other transfers to the Norwegian state | | | |
| Total collection activity and other transfers to the Norwegian state | | 0 | 0 |
| Grant administration and other transfers from the Norwegian state | | | |
| Total grant administration and other transfers from the Norwegian state | | 0 | 0 |
| Revenues and expenses reported under common chapters | | | |
| Financial activity tax account 1988 (ref. chapter 5502, revenue) | | 5,130,084 | 5,021,684 |
| Employer's national insurance contributions account 1986 (ref. chapter 5700, revenue) | | 14,479,650 | 14,164,227 |
| Net reported expenses under common chapters | | -19,609,734 | -19,185,911 |
| Net reported to the appropriation accounts | | -19,609,734 | -19,185,911 |
| Statement of open accounts with the Treasury | | 2020 | 2019 |
| Assets and liabilities | | | |
| Receivables | | 261,444 | 2,390 |
| Unpaid tax deducted at source | | -4,890,221 | -5,364,484 |
| Unpaid govt. charges and special taxes | | -984,041 | -900,151 |
| Other liabilities | | -1,613,340 | 92,217 |
| Total open accounts with the Treasury | 5 | -7,226,158 | -6,170,029 |

Note 1 – Receipts

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Total fee revenues received | 0 | 0 |
| Grant and transfer receipts | | |
| Grants from other state agencies | | |
| Export Credit Norway | 850,000 | 895,000 |
| Norfund | 540,000 | 310,000 |
| Norwegian Digitalisation Agency | 1,500,000 | 474,820 |
| Støperigata Holding AS | 500,000 | |
| BSV* | 800,000 | |
| Total grant and transfer receipts | 4,190,000 | 1,679,820 |
| Sales and lease revenues received | | |
| Accrued, uninvoiced revenues, exempt from tax | 182,365,434 | 192,267,704 |
| Total sales and lease revenues received | 182,365,434 | 192,267,704 |
| Other payments received | | |
| Total other payments received | 0 | 0 |
| Total amounts received from operations | 186,555,434 | 193,947,524 |

*The grant to BSV was mistakenly not paid in in 2019, and was thus paid in 2020 for both 2019 and 2020.

Note 2 – Payroll expenses

| | 31.12.2020 | 31.12.2019 |
|--|--------------------|--------------------|
| Wages and salaries | 91,416,030 | 88,766,320 |
| Employer's national insurance contributions | 14,479,650 | 14,164,227 |
| Pension expenses* | 10,305,123 | 9,844,985 |
| Sickness benefits and other reimbursements (-) | -2,542,908 | -1,811,982 |
| Other benefits | 9,633,198 | 10,172,231 |
| Total payroll expenses | 123,291,093 | 121,135,780 |
| No. of full-time equivalents: | 89,2 | 89,4 |

* Pensions are expensed in the profit and loss account based on the premium actually incurred during the financial year.
The premium rate payable on the employer's share was 12.4 per cent in 2020. The premium rate for 2019 was 12.3 per cent.

Note 3 – Other operating expenses

| | 31.12.2020 | 31.12.2019 |
|--|-------------------|-------------------|
| Building rental expenses | 12,111,771 | 12,484,078 |
| Maintenance and renovation of leased premises | 0 | 2,803 |
| Other operating expenses for property and premises | 814,588 | 829,647 |
| Minor equipment purchases | 446,844 | 532,842 |
| Rental of machines, furnishings, etc | 3,566,652 | 2,616,595 |
| Purchase of consultancy services | 11,803,341 | 9,239,850 |
| Purchase of external services | 15,287,004 | 20,650,962 |
| Travel and travel allowances | 1,133,202 | 7,940,558 |
| Other operating expenses | 14,815,625 | 16,474,918 |
| Total other operating expenses | 59,979,026 | 70,772,251 |

Note 4 – Investment expenses

| | 31.12.2020 | 31.12.2019 |
|--|------------------|------------------|
| Investment expenses | | |
| Intangible assets, etc | 2,401,544 | 465,425 |
| Miscellaneous operating assets, furnishings, etc | 883,771 | 1,574,067 |
| Total investment expenses | 3,285,315 | 2,039,492 |

Note 5 – Relationship between settled and open accounts with the Treasury

| | 31.12.2020 | 31.12.2020 | Difference |
|--|--|---|-------------------|
| | Specification of <u>recorded</u> settled accounts with the Treasury | Specification of <u>reported</u> open accounts with the Treasury | |
| Fixed financial assets | | | |
| Total fixed financial assets | 0 | 0 | 0 |
| Current assets | | | |
| Other receivables | 261,444 | 261,444 | 0 |
| Total current assets | 261,444 | 261,444 | 0 |
| Long-term liabilities | | | |
| Total long-term liabilities | 0 | 0 | 0 |
| Short-term liabilities | | | |
| Accounts payable | -6,243,354 | 0 | -6,243,354 |
| Unpaid tax deducted at source | -4,629,991 | -4,890,221 | 260,230 |
| Unpaid govt. charges and special taxes | -984,041 | -984,041 | 0 |
| Other short-term liabilities | 0 | -1,613,340 | 1,613,340 |
| Total short-term liabilities | -11,857,387 | -7,487,602 | -4,369,784 |
| Total | -11,595,943 | -7,226,158 | -4,369,784 |

Appropriation reporting statement with notes

Note on accounting principles

The annual appropriation reporting is based on information in the bank statement from the Central Bank (Norges Bank). The annual allocation letter describes the transfer of surplus liquidity.

Ministry: Ministry of Trade, Industry and Fisheries

Main group: 81 Account loans from ordinary funds

Sub-group: 81.09.05 Funds managed by the Norwegian Export Credit Guarantee Agency (GIEK)

| Specified opening balance | Amount: | Comment: |
|--|----------------|----------|
| General guarantee scheme | -3,251,712,673 | |
| Old general guarantee scheme | -40,737,246 | |
| Old special schemes | -3,768,633 | |
| Developing countries guarantee scheme | -141,802,902 | |
| Building loan guarantee scheme | -142,762,797 | |
| Primary capital, developing countries guarantee scheme | -450,000,000 | |
| Power purchase guarantee scheme | -45,911,053 | |
| Domestic ship guarantee scheme | -29,915,452 | |

| Changes during the period | Amount: | Registered to chapter and item: | Authority: |
|---------------------------------------|---------------|---------------------------------|------------|
| General guarantee scheme | 2,320,132,515 | Changes during 2020 | |
| Old general guarantee scheme | 3,406,678 | Changes during 2020 | |
| Old special schemes | -568,938 | Changes during 2020 | |
| Developing countries guarantee scheme | -16,778,694 | Changes during 2020 | |
| Building loan guarantee scheme | -17,190,070 | Changes during 2020 | |
| Power purchase guarantee scheme | -29,536,458 | Changes during 2020 | |
| Domestic ship guarantee scheme | -24,201,981 | Changes during 2020 | |

Of which changes entered in the appropriation accounts:

| | | |
|------------------------------|------------|-----------------------|
| Old general guarantee scheme | 14,500,000 | Chapter 5460, item 71 |
| Old special schemes | 2,000,000 | Chapter 5460, item 72 |

Specified closing balance in the period, sub-group

| | |
|---------------------------------------|--------------|
| General guarantee scheme | -931,580,158 |
| Old general guarantee scheme | -37,330,568 |
| Old special schemes | -4,337,572 |
| Developing countries guarantee scheme | -158,581,596 |
| Building loan guarantee scheme | -159,952,867 |
| Power purchase guarantee scheme | -75,447,511 |
| Domestic ship guarantee scheme | -54,117,433 |

Sub-group: 81.09.09 Primary capital ULA

| | |
|--|--------------|
| Developing countries guarantee scheme, primary capital | -450,000,000 |
|--|--------------|

| | |
|--|-----------------------|
| Total closing balance of the settlement account with the Central Bank | -1,871,347,706 |
|--|-----------------------|

| Holdings reported to the capital accounts (31.12) | 2020 | 2019 | Change |
|--|----------------|----------------|---------------|
| Ordinary funds (assets) | | | |
| Holdings in accounts with the Central Bank (negative figures are deposits) | -1,871,347,706 | -4,106,610,756 | 2,235,263,050 |

| Specified closing balance in the period, sub-group | Closing balance with the Central Bank | Liabilities | Outstanding |
|--|---------------------------------------|---------------|-------------|
| Airline guarantee scheme | -6,004,254,210 | 6,004,254,210 | 0 |
| Loan guarantee scheme | -9,992,052,291 | 9,992,052,291 | 0 |
| Credit reinsurance scheme | -1,597,198,108 | 1,597,198,108 | 0 |

Currency accounts:

| Holdings in currency accounts with Nordea in NOK | 31.12.2020 | 31.12.2019 | Change | Of which interest 2020 |
|--|------------|--------------|-------------|------------------------|
| EUR General guarantee scheme | 0 | -117,499,403 | 117,499,403 | 357,645 |
| USD General guarantee scheme | 0 | -3,042 | 3,042 | 0 |

Fund account statement with notes (guarantee scheme accounts) Profit and loss account

| Amounts in 1 000 | Note | General guarantee scheme | | Developing countries guarantee scheme | | Building loan guarantee scheme | | Power purchase guarantee scheme | | Domestic ship guarantee scheme | | Old general guarantee scheme | | Old special schemes | |
|---|--------|--------------------------|------------------|---------------------------------------|---------------|--------------------------------|----------------|---------------------------------|---------------|--------------------------------|---------------|------------------------------|----------------|---------------------|---------------|
| | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| OPERATING REVENUES | | | | | | | | | | | | | | | |
| Guarantee premiums | 3,4,19 | 955,124 | 1,040,986 | 27,012 | 21,375 | 10,521 | 30,535 | 39,280 | 32,223 | 23,434 | 14,087 | 87 | 87 | 0 | 0 |
| Fee revenues | 3,4,19 | 158,040 | 138,660 | 466 | 657 | 3,806 | 11,867 | 0 | 0 | 4,386 | 7,064 | 0 | 0 | 0 | 0 |
| Net change in value and foreign exchange gain/loss | 5 | 407,495 | 64,931 | -3,561 | 564 | 0 | 0 | -465 | 298 | 0 | 0 | -1,960 | 1,372 | 40 | 19 |
| Interest income | 6 | 321,188 | 359,636 | 838 | 1,250 | 1,228 | 3,735 | 428 | 474 | 215 | 209 | 165 | 290 | 17 | 36 |
| TOTAL OPERATING REVENUES | | 1,841,846 | 1,604,212 | 24,754 | 23,846 | 15,555 | 46,137 | 39,244 | 32,996 | 28,034 | 21,360 | -1,708 | 1,749 | 57 | 55 |
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| Administrative expenses | 7 | 153,743 | 174,494 | 1,480 | 1,691 | 2,441 | 5,415 | 9,267 | 8,185 | 2,760 | 2,199 | 91 | 103 | 36 | 41 |
| Interest expenses | 6 | 32,239 | 0 | 31 | 0 | 32 | 0 | 16 | 0 | 10 | 0 | 0 | 0 | 0 | 0 |
| Reinsurance expenses | | 25,930 | 20,657 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other operating expenses | 8 | 279 | 4,618 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSES | | 212,190 | 199,769 | 1,511 | 1,691 | 2,473 | 5,415 | 9,283 | 8,185 | 2,770 | 2,199 | 98 | 103 | 38 | 41 |
| PROFIT (LOSS) BEFORE PROVISIONS AND IMPAIRMENTS | | 1,629,655 | 1,404,444 | 23,243 | 22,155 | 13,083 | 40,722 | 29,961 | 24,811 | 25,265 | 19,161 | -1,806 | 1,646 | 20 | 13 |
| PROVISIONS AND IMPAIRMENTS | | | | | | | | | | | | | | | |
| Net change in individual provisions for guarantee liabilities | 9 | 3,013,470 | 159,139 | 2,620 | 0 | -17,167 | -86,583 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in collective provisions for guarantee liabilities | 9 | 1,224,349 | -466,658 | -35,577 | 22,341 | 6,253 | 1,271 | -804 | -1,705 | 11,794 | -194 | 8 | -55 | 0 | 0 |
| Net change in individual claim receivables | 11 | 6,474,707 | 1,852,872 | -9,939 | 199 | -75,490 | 32,527 | -40 | 202 | 0 | 0 | 0 | -7,828 | 665 | 0 |
| Realised losses | 11 | 2,428,714 | 53,266 | 9,939 | 0 | 75,000 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in collective claim receivables | 11 | 14,692 | -232,450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in impairment of moratorium agreements | 12 | -2,376 | -4,520 | -440 | -1,799 | 0 | 0 | 0 | 0 | 0 | 0 | -2,323 | -3,946 | -403 | -360 |
| Net change in shares and temporary ownership | 13 | -2,950 | 580 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CHANGE IN PROVISIONS AND IMPAIRMENTS | | 13,150,606 | 1,362,228 | -33,397 | 20,742 | -11,404 | -47,786 | -844 | -1,502 | 11,794 | -194 | -2,315 | -11,829 | 261 | -360 |
| PROFIT (LOSS) BEFORE TRANSFERS TO/FROM THE NORWEGIAN STATE | | -11,520,950 | 42,215 | 56,640 | 1,413 | 24,486 | 88,508 | 30,805 | 26,313 | 13,471 | 19,355 | 509 | 13,474 | -242 | 374 |
| Public grants/transfers to the Norwegian state | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -14,500 | -12,600 | -2,000 | -2,000 |
| PROFIT (LOSS) ON THE PERIOD'S ACTIVITIES | | -11,520,950 | 42,215 | 56,640 | 1,413 | 24,486 | 88,508 | 30,805 | 26,313 | 13,471 | 19,355 | -13,991 | 874 | -2,242 | -1,626 |
| SETTLEMENT AND UTILISATION | | | | | | | | | | | | | | | |
| Utilisation | | | | | | | | | | | | | | | |
| Transferred to/from accumulated capital | | -11,520,950 | 42,215 | 56,640 | 1,413 | 24,486 | 88,508 | 30,805 | 26,313 | 13,471 | 19,355 | -13,991 | 874 | -2,242 | -1,626 |

Balance sheet

| Amounts in 1 000 | Note | General guarantee scheme | | Developing countries guarantee scheme | | Building loan guarantee scheme | | Power purchase guarantee scheme | | Domestic ship guarantee scheme | | Old general guarantee scheme | | Old special schemes | |
|--|------|--------------------------|-------------------|---------------------------------------|----------------|--------------------------------|----------------|---------------------------------|---------------|--------------------------------|---------------|------------------------------|-----------------|---------------------|--------------|
| | | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 | 31.12.20 | 31.12.19 |
| FIXED FINANCIAL ASSETS | | | | | | | | | | | | | | | |
| Shares | 14 | 49,470 | 46,023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FIXED FINANCIAL ASSETS | | 49,470 | 46,023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RECEIVABLES | | | | | | | | | | | | | | | |
| Receivables related to payments under the guarantee | 11 | 19,686,946 | 12,204,460 | 3,627 | 13,567 | 19,007 | 95,000 | 0 | 0 | 0 | 0 | 84,067 | 86,273 | 198,314 | 198,314 |
| Individual impairments of receivables | 11 | -11,055,742 | -4,652,670 | -1,814 | -11,753 | -19,007 | -94,527 | 0 | 0 | 0 | 0 | -42,033 | -43,136 | -196,209 | -195,544 |
| Collective impairments of receivables | 11 | -16,588 | -2,260 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables, moratorium agreements | 12 | 79,526 | 94,261 | 28,479 | 29,414 | 0 | 0 | 0 | 0 | 0 | 0 | 68,982 | 80,296 | 77,207 | 79,732 |
| Impairments of moratorium claims | 12 | -15,032 | -16,496 | -5,696 | -6,280 | 0 | 0 | 0 | 0 | 0 | 0 | -14,191 | -15,962 | -76,139 | -76,518 |
| Other receivables | 14 | 225,811 | 283,238 | 3,246 | 1,631 | 2,447 | 5,656 | 106 | 28 | 5,303 | 3,527 | 0 | 20 | 0 | 0 |
| TOTAL RECEIVABLES | | 8,904,922 | 7,910,533 | 27,843 | 26,578 | 2,447 | 6,129 | 106 | 28 | 5,303 | 3,527 | 96,824 | 107,491 | 3,173 | 5,984 |
| BANK DEPOSITS | | | | | | | | | | | | | | | |
| Bank deposits in NOK | | 931,580 | 3,251,713 | 608,582 | 591,803 | 159,953 | 142,763 | 75,448 | 45,911 | 54,117 | 29,915 | 37,331 | 40,737 | 4,338 | 3,769 |
| Bank deposits in foreign currency | | 0 | 117,502 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BANK DEPOSITS | 6 | 931,580 | 3,369,215 | 608,582 | 591,803 | 159,953 | 142,763 | 75,448 | 45,911 | 54,117 | 29,915 | 37,331 | 40,737 | 4,338 | 3,769 |
| TOTAL ASSETS | | 9,885,973 | 11,325,771 | 636,425 | 618,381 | 162,400 | 148,892 | 75,553 | 45,939 | 59,421 | 33,443 | 134,155 | 148,228 | 7,510 | 9,752 |
| ACCUMULATED CAPITAL | | | | | | | | | | | | | | | |
| Accumulated capital | | | | | | | | | | | | | | | |
| Paid-in primary capital, developing countries guarantee scheme | 19 | 0 | 0 | 450,000 | 450,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued accumulated capital | | -6,073,397 | 5,447,553 | 176,778 | 120,137 | 154,668 | 130,182 | 58,533 | 27,728 | 34,169 | 20,698 | -695,590 | -681,600 | 3,431 | 5,672 |
| TOTAL ACCUMULATED CAPITAL | 15 | -6,073,397 | 5,447,553 | 626,778 | 570,137 | 154,668 | 130,182 | 58,533 | 27,728 | 34,169 | 20,698 | -695,590 | -681,600 | 3,431 | 5,672 |
| PROVISIONS | | | | | | | | | | | | | | | |
| Individual provisions for guarantee liabilities | 9 | 6,669,727 | 4,225,398 | 2,620 | 0 | 0 | 17,167 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Collective provisions for guarantee liabilities | 9 | 1,799,989 | 635,142 | 4,295 | 37,102 | 7,731 | 1,479 | 7,020 | 7,359 | 13,723 | 1,928 | 32 | 27 | 0 | 0 |
| TOTAL PROVISIONS | | 8,469,716 | 4,860,540 | 6,915 | 37,102 | 7,731 | 18,645 | 7,020 | 7,359 | 13,723 | 1,928 | 32 | 27 | 0 | 0 |
| LIABILITIES | | | | | | | | | | | | | | | |
| Debt relief plan, residual amount for settlement | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 829,685 | 829,685 | 4,080 | 4,080 |
| Debt to MTIF | 17 | 6,630,000 | 0 | 0 | 0 | 0 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 0 | 0 | 0 | 0 |
| Deferred income | 4 | 844,640 | 1,007,500 | 2,732 | 11,127 | 0 | 0 | 0 | 0 | 1,529 | 812 | 29 | 116 | 0 | 0 |
| Other liabilities | 18 | 15,014 | 10,178 | 0 | 14 | 0 | 64 | 0 | 852 | 0 | 4 | 0 | 1 | 0 | 0 |
| TOTAL LIABILITIES | | 7,489,654 | 1,017,678 | 2,732 | 11,141 | 0 | 64 | 10,000 | 10,852 | 11,529 | 10,816 | 829,714 | 829,801 | 4,080 | 4,080 |
| TOTAL LIABILITIES AND ACCUMULATED CAPITAL | | 9,885,973 | 11,325,771 | 636,425 | 618,381 | 162,400 | 148,892 | 75,553 | 45,939 | 59,421 | 33,443 | 134,155 | 148,228 | 7,510 | 9,752 |

Cash flow statement

| Cash flow from operations – 2020 Amounts in 1 000 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|-------------------|----------------|----------------|---------------|---------------|----------------|---------------|
| Receipts | | | | | | | |
| Guarantee premiums received | 871,230 | 17,090 | 9,172 | 39,203 | 22,228 | 20 | -0 |
| Fee revenues received | 145,587 | 376 | 8,869 | 0 | 5,103 | 0 | 0 |
| Receivables paid in | 914,920 | 0 | 1,111 | 0 | 0 | 10,271 | 2,584 |
| Interest and dividend received | 264,888 | 838 | 1,537 | 428 | 215 | 165 | 17 |
| Other receipts | 10,372 | 0 | -932 | 0 | -570 | 737 | 6 |
| Total receipts | | 18,304 | 19,757 | 39,631 | 26,976 | 11,192 | 2,607 |
| Payments | | | | | | | |
| Administrative expenses paid | 153,743 | 1,480 | 2,441 | 9,267 | 2,760 | 91 | 36 |
| Reinsurance expenses paid | 18,860 | 0 | 0 | 0 | 0 | 0 | 0 |
| Guarantee costs paid | 15,946 | 0 | 30 | -40 | 0 | 0 | 0 |
| Payments for claim receivables | 11,025,543 | 0 | -0 | 0 | 0 | 0 | 0 |
| Payments for claim receivables received in the form of shares | -0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest payments | 32,239 | 31 | 32 | 16 | 10 | 7 | 1 |
| Other payments | 36,884 | 14 | 64 | 852 | 4 | 1 | 1 |
| Total payments | 11,283,215 | 1,526 | 2,567 | 10,095 | 2,774 | 98 | 38 |
| Net cash flow from operations | -9,076,217 | 16,779 | 17,190 | 29,536 | 24,202 | 11,093 | 2,569 |
| Cash flow from investment activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash flow from investment activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash flow from financing activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash flow associated with transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disbursals of grants and transfers to others | 6,630,000 | 0 | 0 | 0 | 0 | -14,500 | -2,000 |
| Net cash flow associated with transfers | 6,630,000 | 0 | 0 | 0 | 0 | -14,500 | -2,000 |
| Effect of exchange rate changes on cash and cash equivalents | 8,582 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in cash and cash equivalents | -2,437,635 | 16,779 | 17,190 | 29,536 | 24,202 | -3,407 | 569 |
| Cash and cash equivalents at start of period | 3,369,215 | 591,803 | 142,763 | 45,911 | 29,915 | 40,737 | 3,769 |
| Cash and cash equivalents at end of period | 931,580 | 608,582 | 159,953 | 75,448 | 54,117 | 37,331 | 4,338 |
| Reconciliation | | | | | | | |
| Allocation of profit/loss for the period (to accumulated capital) | -11,520,950 | 56,640 | 24,486 | 30,805 | 13,471 | -13,991 | -2,242 |
| Change in trade creditor liabilities | 308 | 0 | 0 | 0 | 0 | 0 | 0 |
| Effect of exchange rate changes | -407,495 | 3,561 | 0 | 465 | 0 | 1,960 | -40 |
| Items classified as cash flows associated with transfers | -6,630,000 | 0 | 0 | 0 | 0 | 14,500 | 2,000 |
| Changes in other accrual items | 9,481,920 | -43,422 | -7,296 | -1,734 | 10,731 | 8,624 | 2,851 |
| Net cash flow from operations | -9,076,217 | 16,779 | 17,190 | 29,536 | 24,202 | 11,093 | 2,569 |

Cash flow statement

| Cash flow from operations – 2019 Amounts in NOK 1 000 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|-------------------|----------------|----------------|---------------|---------------|----------------|---------------|
| Receipts | | | | | | | |
| Guarantee premium revenues | 1,286,821 | 13,491 | 42,211 | 32,169 | 11,004 | 113 | 0 |
| Fee revenues received | 108,542 | 1,453 | 6,804 | 0 | 4,493 | 0 | 0 |
| Receivables paid in | 15,401 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and dividend received | 230,153 | 1,250 | 3,369 | 474 | 209 | 290 | 36 |
| Other receipts | 12,494 | 7,185 | -3,720 | -1,398 | 1,602 | 21,253 | 2,299 |
| Total receipts | 1,653,411 | 23,379 | 48,664 | 31,246 | 17,308 | 21,656 | 2,335 |
| Payments | | | | | | | |
| Administrative expenses paid | 173,023 | 1,677 | 5,351 | 8,124 | 2,195 | 102 | 41 |
| Reinsurance expenses paid | 20,546 | 0 | 0 | 0 | 0 | 0 | 0 |
| Guarantee costs paid | 27,430 | 199 | 0 | 202 | 0 | 0 | 0 |
| Payments for claim receivables | 3,643,879 | 0 | 37,250 | 0 | 0 | 337 | 0 |
| Payments for claim receivables received in the form of shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other payments | -89,605 | 0 | 750 | -791 | -0 | 0 | 600 |
| Total payments | 3,775,273 | 1,876 | 43,351 | 7,535 | 2,195 | 439 | 641 |
| Net cash flow from operations | -2,121,862 | 21,504 | 5,313 | 23,711 | 15,113 | 21,217 | 1,695 |
| Cash flow from investment activities | | | | | | | |
| Net cash flow from investment activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing activities | | | | | | | |
| Net cash flow from financing activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash flow associated with transfers | | | | | | | |
| Disbursals of grants and transfers to others | 0 | 0 | 0 | 0 | 0 | -12,600 | -2,000 |
| Net cash flow associated with transfers | 0 | 0 | 0 | 0 | 0 | -12,600 | -2,000 |
| Effect of exchange rate changes on cash and cash equivalents | 930 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in cash and cash equivalents | -2,120,932 | 21,504 | 5,313 | 23,711 | 15,113 | 8,617 | -305 |
| Cash and cash equivalents at start of period | 5,490,147 | 570,299 | 137,450 | 22,200 | 14,802 | 32,120 | 4,074 |
| Cash and cash equivalents at end of period | 3,369,215 | 591,803 | 142,763 | 45,911 | 29,915 | 40,737 | 3,769 |
| Reconciliation | | | | | | | |
| Allocation of profit/loss for the period (to accumulated capital) | 143,631 | 1,413 | 88,508 | 26,313 | 19,355 | 874 | -1,626 |
| Change in trade creditor liabilities | -308 | 0 | 0 | 0 | 0 | 0 | 0 |
| Effect of exchange rate changes | -64,931 | -564 | 0 | -298 | 0 | -1,372 | -19 |
| Items classified as cash flows associated with transfers | 0 | 0 | 0 | 0 | 0 | 12,600 | 2,000 |
| Changes in other accrual items | -2,200,255 | 20,654 | -83,195 | -2,304 | -4,242 | 9,115 | 1,340 |
| Net cash flow from operations | -2,121,862 | 21,504 | 5,313 | 23,711 | 15,113 | 21,217 | 1,695 |

Notes to the accounts

1) Accounting principles

GIEK is a public-sector enterprise under the Ministry of Trade, Industry and Fisheries (MTIF) whose objective is to promote Norwegian exports and investments abroad. This is to be achieved by issuing guarantees on behalf of the Norwegian state. As a public-sector enterprise, GIEK submits a separate set of accounts (the administrative accounts) for all administrative and personnel expenses. The administrative accounts form part of the central government budget and accounts. GIEK also manages three guarantee schemes that the government established in 2020 as a temporary measure in connection with the COVID-19 situation.

GIEK keeps separate accounts for its individual guarantee schemes, hereafter referred to as the fund accounts. Fund accounts are not part of the central government accounts. The fund accounts are approved by the boards of the guarantee schemes. These annual accounts relate to the fund accounts. The guarantee schemes established as measures during the pandemic are part of the central government accounts and are reported separately.

The annual accounts are configured in accordance with Central Government Accounting Standards (SRS). Since these standards do not include special accounting principles for lending and guarantee activities, GIEK follows the principles contained in IFRS 9 when calculating individual and collective provisions. Authorisation to comply with IFRS 9 has been granted by the Norwegian Government Agency for Financial Management (DFØ). Separate guidelines have been prepared for loss provisions tied to guarantees and claim receivables. Guarantee premiums that are regarded as unlikely to be received are not taken to income until they are paid. They are therefore not included when calculating impairments of receivables.

The accounts format is based on Central Government Accounting Standard (SRS) 1 "Format for profit and loss accounts and balance sheets" and has been tailored to GIEK's guarantee scheme operations in accordance with a dispensation granted by the Norwegian Government Agency for Financial Management. There are no other deviations from the Central Government Accounting Standards.

The annual accounts for the fund schemes consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts.

All figures are presented in thousands of Norwegian kroner (NOK 1 000) unless otherwise stated in the notes. In several notes, the most practical way to identify the schemes is by initials. The following abbreviations are used for the seven guarantee schemes that GIEK administers:

| | |
|---------------------------------------|-----|
| General guarantee scheme | AGO |
| Developing countries guarantee scheme | ULA |
| Building loan guarantee scheme | BYG |
| Power purchase guarantee scheme | KRA |
| Domestic ship guarantee scheme | SKI |
| Old general guarantee scheme | GAM |
| Old special schemes | SÆR |

The accounting treatment of individual items is explained below.

Revenues

Guarantee premiums

The guarantee schemes generate revenues primarily through premiums on current guarantees. There are two main types of guarantee premiums: per annum and prepaid ("up-front"). As a rule, both premium types start to be recognised in the accounts when the underlying loan is disbursed. Per annum premiums are payable in arrears together with interest and instalments on the underlying loan. Per annum revenue relating to several accounting periods is accrued in accordance with the remaining guarantee liability, meaning that revenue is proportionately higher when the guarantee is new and the liability highest. Up-front premiums are accrued on a straight-line basis over the term of the guarantee. Guarantee premiums that are regarded as unlikely to be received are not taken to income until payment is received, in accordance with the Central Government Accounting Standards' prudence principle.

Fee revenues

Fee revenues that exceed direct internal administrative expenses are recognised as income when earned. The portion of fee revenues that covers administrative expenses is recognised as income directly.

Other revenues

Recoveries and revenues from moratorium agreements are recognised at payment. As these revenues are uncertain, recognition in the profit and loss account at payment accords with the prudence principle set forth in the Central Government Accounting Standards.

Interest income and interest expenses tied to bank deposits and borrowings (use of drawdown facility) are recognised in the profit and loss account when earned or incurred. Interest income on receivables is calculated based on the effective interest method in accordance with IFRS 9, with the following adaptations: the receivables are not assessed individually, but are divided into groups - receivables in USD and NOK. For receivables in other currencies, the interest rate for receivables in NOK is used. The interest rate used consists of three elements: the risk margin (guarantee premium), funding margin and market interest rate (Nibor and Libor). The interest rate does not include any individual risk margin, but the same percentage rate is used for all receivables. The funding margin is set at one rate for each currency group.

Other revenues are recognised in the accounts when earned.

Operating expenses

The guarantee schemes have no employees, and all administrative expenses, including personnel expenses, are recognised in the administrative accounts of GIEK, which is a public-sector enterprise. The administrative expenses shown in the administrative accounts are charged to the individual guarantee schemes in accordance with a predefined distribution formula. The distribution formula is regularly updated.

Reinsurance expenses are accrued over the period covered by the reinsurance.

Other operating expenses are recognised when they are incurred.

Provisions for guarantee liabilities

GIEK divides provisions for guarantee liabilities into three categories: individual (stage 3) and collective provisions (stage 1 and stage 2). Individual provisions reflect the best estimate of what the guarantee schemes might lose on individual commitments. Collective provisions reflect known market conditions or other factors which could result in guarantee scheme losses but have yet to be identified in a particular commitment. The provisions reflect best estimates and are based on expectations regarding future market developments in the categories "Offshore" (service vessels), "Cruise" (including international ferries) and "Other" (i.e. everything other than Offshore and Cruise). The fund accounts adhere to the IFRS 9 principles pertaining to the calculation of individual and collective provisions and separate guidelines governing provisions for losses on guarantees and receivables have been prepared. In GIEK's view, the credit risk associated with the guarantees and receivables issued by GIEK has characteristics identical to those of loans.

The criterion for calculating losses on individual guarantees is objective evidence that a guarantee exposure has fallen in value. Such evidence includes observable data known to GIEK, for example significant financial problems on the part of a debtor, a payment default or a payment deferral that has been granted.

When determining collective provisions, guarantees are divided into groups with similar risk characteristics as regards the debtors' ability to fulfil their obligations to the financial institutions to which GIEK has provided a guarantee.

The model for collective provisions is based on assessment of the portfolio, and is to take into account losses that have occurred or may occur, but have not been detected at the time when the accounts are submitted. The computation is based on the exposure at the balance sheet date and expected development in future exposure, probability of default and expected realisable value of any collateral. A weighted average of three scenarios is used.

The probability of default is calculated using a default matrix tool supplied by Standard & Poor's. This matrix is employed because GIEK's portfolio has limited scope and a default matrix based on GIEK's own portfolio's history would not provide good enough estimates. Changes in the default matrix lead to changes in the collective provisions. In the 2020 financial year, GIEK used S&P's 2020 matrix. When calculating loss provisions, forward looking default probabilities are also used, and S&P's matrix is adjusted for each category according to future expectations. When calculating loss provisions, the expected value of real security is also taken into account. This is calculated on the basis of updated information on the real security's value, minus a time-horizon adjustment factor to take into account that a sale may take place in a demanding situation, and it is also taken into consideration that a vessel/real security may be located in jurisdictions where it may be difficult to sell the security.

The model also uses updated information on the discount rate and term to maturity for each commitment. The collective provisions model is considered to be in accordance with the IFRS 9 regulations and allows for losses that could arise at any time during the term of the guarantee for provisions in stage 2.

Basic data and assumptions are updated twice a year, and the estimate is updated as basic data and expectations regarding market developments change.

Payments under guarantees and the impairment of receivables

When a pay-out is made under a guarantee, the guarantee scheme is subrogated to the guarantee recipient's claim against the debtor. The claim is recognised as a receivable in the balance sheet when payment under the guarantee takes place. Receivables are presented gross in the balance sheet, which is not in accordance with the IFRS 9 principles. This principle has been chosen based on the view that this provides better information and presents a more correct picture of the guarantee schemes' financial situation.

Net receivables in the balance sheet represent the recoverable amounts estimated by GIEK for these receivables. The portion of a receivable that is considered unrecoverable at the closing of accounts is written down (impaired). Impairments are evaluated in the same manner as provisions for current guarantees.

Claims under moratorium agreements

Moratorium agreements are debt repayment agreements stemming from international creditor collaboration in the Paris Club. The claims have arisen as a result of payments under a guarantee due to political risk. The net change in principal is fully recognised in the profit and loss account when the agreement is signed, except for amounts that fall due in the future, which are recognised when the guarantee schemes take over the claim on the pay-out date. The profit and loss account is also affected by changes that take place in current agreements, such as accrued contractual interest, the payment of interest on arrears, consolidation of agreements, debt cancellation, foreign exchange gains/losses and floating interest rates.

Debt cancellation

Moratorium claims thought to be unrecoverable on the date when accounts are closed are impaired. It is assumed that compensation will be received for debt relief that is stipulated by the Norwegian state in excess of the debt relief agreed on by the Paris Club (international debt agreements). The value of claims incorporated into the debt relief plan (see below) is set through this plan. It is assumed that compensation will be received for debt relief that is stipulated by the state in excess of the debt relief plan unless the state via the Ministry of Foreign Affairs has clearly indicated that compensation will not be provided.

Debt relief plan

The debt relief plan covers some moratorium claims and liabilities of certain countries that have not been addressed by the Paris Club. The Storting (Norway's Parliament) adopted the Norwegian plan in December 1997 along with the 1998 central government budget. The plan applies to claims under old schemes and was updated in 2004. Under the debt relief plan, guarantee scheme claims against countries included in the plan may be cancelled without new government appropriations by netting them against a specified limit. The debt relief plan's limit was established on the basis of the claims' value at the time of the plan's adoption and classified as debt to the state. This debt, called the balance for settlement, decreases as claims are waived (and settled). The debt relief plan (the balance for settlement) is recorded as the amount granted less approved settlements. This debt relief plan is a preliminary allocation and does not represent an accounting liability. The limit for the old special schemes will in time be overdrawn. More interest on overdue payments than expected has been incurred as a result of it taking longer than expected to have liabilities dealt with by the Paris Club. The difference between the limit and actual amount will be debited to the results of the old special schemes when this occurs.

Foreign exchange

Receivables, bank deposits and provisions in foreign currencies are converted to Norwegian kroner (NOK) at the rate applicable on the balance sheet date. Loss provisions are made every six months, and the period's loss in foreign currency is converted using the average exchange rate for the six months in question. Guarantee premiums and fee revenues in foreign currencies are converted using the monthly average exchange rate. Foreign exchange effects are shown as the net change in value and foreign exchange gain/loss.

Reinsurance

In some transactions, GIEK has a reinsurance agreement with other export guarantee agencies. Due to their minimal size, these are only taken into account when calculating individual loss provisions.

Dividends

The guarantee schemes recognise dividends received as operating revenue on the date of receipt.

Tax

The guarantee schemes are exempt from taxation. Neither tax costs nor deferred tax liabilities are therefore recorded for the guarantee schemes.

Shares

Shares are recorded at cost. If their value falls below cost price, it is written down to the fair value unless the drop in value is considered temporary.

All share acquisitions are linked to defaulted-on commitments and will be owned temporarily. For that reason, these companies are not consolidated into the guarantee schemes' accounts.

Accumulated capital

This accounting item shows the guarantee schemes' accumulated capital. The net profit (loss) for the year is recognised in (covered by) this item. The effect of changes in accounting principles and corrections of material errors made in previous years are offset against accrued accumulated capital.

The Norwegian state's group account system

State agencies are included in the state's group account system. Under the group account system, all payments received and disbursed are reconciled on a daily basis against the agency's settlement accounts with Norges Bank (Central Bank).

Self-insurance principle

The Norwegian state acts as a self-insurer. Accordingly, no items intended to reflect alternative net insurance costs or obligations are included in the balance sheet or profit and loss account.

2) Changes in accounting principles

There were no changes to the accounting principles in 2020.

3) Revenues from guarantees

Revenues from guarantees consist of guarantee premiums and fee revenues. Pricing is regulated in part by the OECD's minimum premium rate regulations. These regulations are designed to ensure that member countries do not create competition-distorting effects/benefits for their own export industry.

Guarantee pricing also depends on other factors, such as project risk, bank participation and other conditions for providing the guarantee, as well as GIEK's opportunity to establish collateral in the form of deposits or other types of security. Processing fees, commitment fees and other types of fees may also be charged. These fees often reflect the business models of banks and/or other financial institutions that work with GIEK in connection with issuing the guarantees. Fee revenues are accrued over the term of the guarantee.

| Guarantee premiums 2020 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------------|----------------|---------------|---------------|---------------|---------------|-----------|----------|
| Per annum premiums | 815,243 | 18,706 | 10,521 | 39,280 | 23,434 | 0 | 0 |
| Reinsurance premiums | 960 | 0 | 0 | 0 | 0 | 0 | 0 |
| Up-front accrued premiums | 138,920 | 8,306 | 0 | 0 | 0 | 87 | 0 |
| Total guarantee premiums | 955,124 | 27,012 | 10,521 | 39,280 | 23,434 | 87 | 0 |

| Guarantee premiums 2019 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------------|------------------|---------------|---------------|---------------|---------------|-----------|----------|
| Per annum premiums | 923,433 | 13,334 | 30,535 | 32,223 | 14,087 | 0 | 0 |
| Reinsurance premiums | 11,411 | 0 | 0 | 0 | 0 | 0 | 0 |
| Up-front accrued premiums | 106,142 | 8,041 | 0 | 0 | 0 | 87 | 0 |
| Total guarantee premiums | 1,040,986 | 21,375 | 30,535 | 32,223 | 14,087 | 87 | 0 |

| Fee revenues 2020 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------|----------------|------------|--------------|----------|--------------|----------|----------|
| Processing fees | 48,379 | 0 | 0 | 0 | 1,044 | 0 | 0 |
| Commitment fees | 58,089 | 376 | 3,806 | 0 | 1,717 | 0 | 0 |
| Miscellaneous | 51,572 | 89 | 0 | 0 | 1,625 | 0 | 0 |
| Total fee revenues | 158,040 | 466 | 3,806 | 0 | 4,386 | 0 | 0 |

| Fee revenues 2019 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------|----------------|------------|---------------|----------|--------------|----------|----------|
| Processing fees | 40,328 | 28 | 0 | 0 | 43 | 0 | 0 |
| Commitment fees | 70,362 | 0 | 11,667 | 0 | 3,751 | 0 | 0 |
| Miscellaneous | 27,970 | 630 | 200 | 0 | 3,269 | 0 | 0 |
| Total fee revenues | 138,660 | 657 | 11,867 | 0 | 7,064 | 0 | 0 |

4) Deferred revenues

As at 31 December 2020, the deferred revenues consisted of:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--------------------------------|----------------|--------------|----------|----------|--------------|-----------|----------|
| One-off premiums for accrual | 594,021 | 2,026 | 0 | 0 | 0 | 29 | 0 |
| Arrangement fees for accrual | 202,081 | 706 | 0 | 0 | 1,529 | 0 | 0 |
| Processing fees for accrual | 48,539 | 0 | 0 | 0 | 0 | 0 | 0 |
| Up-front premiums | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total deferred revenues | 844,640 | 2,732 | 0 | 0 | 1,529 | 29 | 0 |

The comparable figures as at 31 December 2019 are:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--------------------------------|------------------|---------------|----------|----------|------------|------------|----------|
| One-off premiums for accrual | 732,808 | 10,332 | 0 | 0 | 0 | 116 | 0 |
| Arrangement fees for accrual | 179,344 | 795 | 0 | 0 | 812 | 0 | 0 |
| Processing fees for accrual | 83,728 | 0 | 0 | 0 | 0 | 0 | 0 |
| Up-front premiums | 11,619 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total deferred revenues | 1 007,500 | 11,127 | 0 | 0 | 812 | 116 | 0 |

5) Foreign exchange exposure

GIEK has guarantee liabilities in various currencies. The following table provides an overview of the total foreign exchange exposure in NOK by guarantee scheme.

Guarantee liabilities including reinsurance

| Amounts in 1 000 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|------------------|-------------------|----------------|------------------|------------------|------------------|------------|----------|
| USD | 32,617,718 | 313,137 | 0 | 0 | 0 | 796 | 0 |
| NOK | 12,820,487 | 0 | 1,062,980 | 0 | 1,212,045 | 0 | 0 |
| EUR | 14,851,361 | 133,464 | 0 | 4,745,648 | 0 | 0 | 0 |
| GBP | 5,776,171 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 1,845,203 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 67,910,940 | 446,600 | 1,062,980 | 4,745,648 | 1,212,045 | 796 | 0 |

Overview of foreign exchange effects

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--|----------------|---------------|----------|-------------|----------|---------------|-----------|
| Realised foreign exchange loss/gain | 55,700 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrealised foreign exchange loss/gain on receivables | -285,431 | -790 | 0 | 0 | 0 | -1,962 | 40 |
| Unrealised foreign exchange loss/gain on bank deposits | 8,582 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrealised foreign exchange loss/gain on impairment of guarantee liabilities | 628,643 | -2,771 | 0 | -465 | 0 | 2 | 0 |
| Net agio/disagio | 407,495 | -3,561 | 0 | -465 | 0 | -1,960 | 40 |

6) Bank deposits and interest

Each guarantee scheme has at least one bank account with the Central Bank (Norges Bank). A separate account has been set up for each scheme with DNB, along with separate currency accounts with DNB for the general guarantee scheme. The currency account was terminated in October 2020. In addition, GIEK has a non-interest-bearing account with the Central Bank containing the primary capital of the developing countries guarantee scheme (ULA). As at 31 December 2020, GIEK's individual schemes had the following bank deposits:

| Amounts in NOK 1 000 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|--------------|
| Interest-bearing with Norges Bank | 931,580 | 158,582 | 159,953 | 75,448 | 54,117 | 37,331 | 4,338 |
| Non-interest-bearing with Norges Bank | 0 | 450,000 | 0 | 0 | 0 | 0 | 0 |
| Bank deposits 31.12.20 | 931,580 | 608,582 | 159,953 | 75,448 | 54,117 | 37,331 | 4,338 |

The Norges Bank accounts are included in the state's group account system.

The general guarantee scheme has a drawdown facility of NOK 10 billion. As at 31 December 2020, NOK 6.63 billion of this had been used. In addition, the building loan guarantee scheme has a NOK 600 million drawdown facility and the domestic ship guarantee scheme has a NOK 150 million drawdown facility with MTIF. These were not utilised in 2020. The interest rates are determined annually.

Net interest income is distributed as follows:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|------------------------------------|----------------|------------|--------------|------------|------------|------------|-----------|
| Interest income on bank deposits | 15,111 | 838 | 864 | 428 | 215 | 165 | 17 |
| Interest on receivables | 306,077 | 0 | 363 | 0 | 0 | 0 | 0 |
| Total interest income | 321,188 | 838 | 1,228 | 428 | 215 | 165 | 17 |
| Interest expenses on bank deposits | 632 | 31 | 32 | 16 | 10 | 7 | 1 |
| Interest expenses on loans | 31,607 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total interest expenses | 32,239 | 31 | 32 | 16 | 10 | 7 | 1 |
| Net interest income | 288,949 | 806 | 1,196 | 412 | 205 | 158 | 17 |

Bank deposits related to paid-in primary capital for the developing countries guarantee scheme are kept in a non-interest-bearing account with Norges Bank.

Interest income on receivables is calculated based on the effective-interest method with the adaptations described in the note on principles, note 1.

7) Administrative expenses

The guarantee schemes do not have any employees. All services are provided by GIEK's administration and charged as administrative expenses. GIEK's administrative expenses and expenses relating to other tasks that GIEK performs are

debited to the various guarantee schemes according to a distribution formula that is regularly updated. The distribution formula reflects the underlying costs and workload.

Summary of GIEK's administrative expenses in 2020, with comparative figures for 2019:

| | 2020 | 2019 |
|---|----------------|----------------|
| Salaries and other remuneration | 91,416 | 88,766 |
| Employers' national insurance contributions and financial activity tax | 19,610 | 19,186 |
| Pension contributions | 10,305 | 9,845 |
| Personnel expenses, etc | 1,960 | 3,339 |
| IT operations and contracts | 17,560 | 15,363 |
| Travel | 1,133 | 7,941 |
| Expert assistance | 16,742 | 19,738 |
| Building operations and furnishings | 14,051 | 14,456 |
| Misc. operating expenses (courses, meetings, offices, etc) | 9,588 | 13,635 |
| Total administrative expenses | 182,365 | 192,268 |
| Administrative expenses relating to other players* | 4,190 | 1,680 |
| Total administrative expenses charged to the administrative accounts | 186,555 | 193,948 |
| Charged to the general guarantee scheme | 153,743 | 174,494 |
| Charged to the developing countries guarantee scheme | 1,480 | 1,691 |
| Charged to the building loan guarantee scheme | 2,441 | 5,415 |
| Charged to the power purchase guarantee scheme | 9,267 | 8,185 |
| Charged to the domestic ship guarantee scheme | 2,760 | 2,199 |
| Charged to the old general guarantee scheme | 91 | 103 |
| Charged to old special schemes | 36 | 41 |
| Total charged to ordinary schemes | 169,817 | 192,128 |
| Charged to schemes established as measures during the pandemic: | | |
| Airline guarantee scheme | 1,746 | 0 |
| Loan guarantee scheme | 5,641 | 0 |
| Credit reinsurance guarantee scheme | 4,902 | 0 |
| Total charged to schemes established as measures during the pandemic | 12,289 | 0 |
| Repayment relating to previous years | 2 | 138 |
| Excessive on-account payment/repayment | 257 | 2 |
| Total charged to the fund schemes | 182,365 | 192,268 |
| Total charged to other players* | 4,190 | 1,680 |
| Total charged to the administrative accounts | 186,555 | 193,948 |

* GIEK's administration oversees the operation of the contingency scheme for war risk insurance of goods (BSV) and the tender guarantee scheme for Norfund as well as providing services on a commercial basis for Export Credit Norway AS. In 2020, the Norwegian Digitalisation Agency allocated GIEK NOK 1.5 million for digitalisation work. As the grant to BSV for 2019 was mistakenly not paid in 2019, this was paid in 2020 for both 2019 and 2020.

The Office of the Auditor General of Norway is GIEK's auditor. GIEK is not charged for these auditing services.

8) Other operating expenses

Other operating expenses consist of the following (GK is GIEK Kredittforsikring AS/Credit Insurance AS):

| Other operating expenses 2020 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|------------|----------|----------|----------|----------|----------|----------|
| GK Ceding Commission (reinsurance-related expenses) | 277 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank charges and small differences | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 279 | 0 | 0 | 0 | 0 | 0 | 0 |

Comparable figures for 2019:

| Other operating expenses 2019 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|--------------|----------|----------|----------|----------|----------|----------|
| GK Ceding Commission (reinsurance-related expenses) | 4,615 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank charges and small differences | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 4,618 | 0 | 0 | 0 | 0 | 0 | 0 |

9) Provisions for guarantee liabilities

The provisions for guarantee liabilities consist of exchange rate changes and changes to provisions in the profit and loss account. The changes in these items can be seen in the following tables:

| 31.12.2020 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------------|------------------|--------------|--------------|--------------|---------------|-----------|----------|
| Liabilities | 67,910,940 | 446,600 | 1,062,980 | 4,745,648 | 1,212,045 | 796 | 0 |
| Provisions | 8,469,716 | 6,915 | 7,731 | 7,020 | 13,723 | 32 | 0 |
| % | 12,5% | 1,5% | 0,7% | 0,1% | 1,1% | 4,0% | - |
| Individual provisions (stage 3) | 6,669,727 | 2,620 | 0 | 0 | 0 | 0 | 0 |
| Collective provisions | 1,799,989 | 4,295 | 7,731 | 7,020 | 13,723 | 32 | 0 |
| - Stage 1 | 470,755 | 2,276 | 220 | 7,020 | 13,723 | 0 | 0 |
| - Stage 2 | 1,329,234 | 2,019 | 7,511 | 0 | 0 | 32 | 0 |
| Total provisions | 8,469,716 | 6,915 | 7,731 | 7,020 | 13,723 | 32 | 0 |

| 31.12.2019 | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---------------------------------|------------------|---------------|---------------|--------------|--------------|-----------|----------|
| Liabilities | 80,828,070 | 571,665 | 1,300,405 | 4,500,299 | 1,303,469 | 2,467 | 0 |
| Provisions | 4,860,540 | 37,102 | 18,645 | 7,359 | 1,928 | 27 | 0 |
| % | 6,0% | 6,5% | 1,4% | 0,2% | 0,1% | 1,1% | - |
| Individual provisions (stage 3) | 4,225,398 | 0 | 17,167 | 0 | 0 | 0 | 0 |
| Collective provisions | 635,142 | 37,102 | 1,479 | 7,359 | 1,928 | 27 | 0 |
| - Stage 1 | 332,856 | 36,808 | 69 | 7,359 | 1,928 | 0 | 0 |
| - Stage 2 | 302,286 | 294 | 1,409 | 0 | 0 | 27 | 0 |
| Total provisions | 4,860,540 | 37,102 | 18,645 | 7,359 | 1,928 | 27 | 0 |

The provisions for guarantee liabilities consist of exchange rate changes and changes to provisions in the profit and loss account. The changes in these items can be seen in the following tables:

Individual provisions:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--|------------------|--------------|----------|----------|----------|----------|----------|
| Provisions for guarantee liabilities 1 Jan 2020 | 4,225,398 | 0 | 17,167 | 0 | 0 | 0 | 0 |
| Year's change in provisions for guarantee liabilities | 3,013,470 | 2,620 | -17,167 | 0 | 0 | 0 | 0 |
| Unrealised foreign exchange losses on provisions | -569,141 | 0 | 0 | 0 | 0 | 0 | 0 |
| Provisions for guarantee liabilities 31 December 2020 | 6,669,727 | 2,620 | 0 | 0 | 0 | 0 | 0 |

Group provisions:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--|------------------|--------------|--------------|--------------|---------------|-----------|----------|
| Provisions for guarantee liabilities 1 Jan 2020 | 635,142 | 37,102 | 1,479 | 7,359 | 1,928 | 27 | 0 |
| Year's change in provisions for guarantee liabilities | 1,224,349 | -35,577 | 6,253 | -804 | 11,794 | 8 | 0 |
| Unrealised foreign exchange losses on provisions | -59,502 | 2,771 | 0 | 465 | 0 | -2 | 0 |
| Provisions for guarantee liabilities 31 December 2020 | 1,799,989 | 4,295 | 7,731 | 7,020 | 13,723 | 32 | 0 |

Changes in the provisions are attributable both to changes in guarantee liabilities and to re-estimations, by country and/or case, of the risk of loss. Provisions for offers are included.

Individual provisions in the guarantee portfolio rose for the general guarantee scheme (AGO) in 2020. The increase is due to several factors in individual cases having deteriorated during the year. In addition, several large cases have been assessed under stage 3. A large share of GIEK's portfolio is in industries where future earnings and the ability to repay are very uncertain.

Collective provisions increased in 2020 due to expectations of future defaults having increased as a result of the corona pandemic. The cruise ship exposure has been defined as a separate sector and moved from stage 1 to stage 2 as a consequence of a lower rating by external rating agencies. The expected value of future collateral has been reduced for the offshore and cruise sectors. This contributes to increased collective provisions. The principles used in calculating provisions and impairments are discussed in note 1.

Determining the factors mentioned for calculating loss provisions is always partly a matter of judgment, and the calculations performed reflect GIEK's best estimates.

10) The composition of the guarantee portfolio

The tables show the distribution of outstanding guarantee liabilities by sector and by product.

Total outstanding liabilities – 31 December 2020:

| Distribution by sector (figures in NOK 1 000) | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--|-------------------|----------------|------------------|------------------|------------------|------------|----------|
| Banking and financial services | 1,709,804 | 0 | 0 | 0 | 0 | 0 | 0 |
| Building and construction | 159,781 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cruise ships and ferries | 11,250,685 | 0 | 380,600 | 0 | 748,694 | 0 | 0 |
| Fishing and aquaculture | 3,886,263 | 0 | 562,380 | 0 | 463,351 | 0 | 0 |
| Health and pharmaceuticals | 30,958 | 0 | 0 | 0 | 0 | 0 | 0 |
| Manufacturing | 2,717,070 | 0 | 0 | 4,745,648 | 0 | 0 | 0 |
| Information and communication | 28,442 | 0 | 0 | 0 | 0 | 0 | 0 |
| Offshore oil and gas equipment | 4,088,257 | 0 | 0 | 0 | 0 | 0 | 0 |
| Offshore service vessels | 30,160,496 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 894,771 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-renewable power production | 708,626 | 16,007 | 0 | 0 | 0 | 0 | 0 |
| Renewable power production | 8,717,574 | 430,593 | 120,000 | 0 | 0 | 796 | 0 |
| Shipping and maritime services | 2,712,228 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transport and storage | 276,171 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water, sewage and other environmental services | 569,815 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 67,910,940 | 446,600 | 1,062,980 | 4,745,648 | 1,212,045 | 796 | 0 |

Total outstanding liabilities (NOK) – 31 December 2019

| Distribution by sector (amounts in NOK 1 000) | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--|-------------------|----------------|------------------|------------------|------------------|--------------|----------|
| Banking and financial services | 1,214,876 | 0 | 0 | 0 | 0 | 0 | 0 |
| Building and construction | 12,996 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cruise ships and ferries | 12,815,918 | 0 | 1,208,000 | 0 | 842,752 | 0 | 0 |
| Fishing and aquaculture | 2,040,994 | 0 | 92,405 | 0 | 460,717 | 0 | 0 |
| Health and pharmacy | 14,528 | 0 | 0 | 0 | 0 | 0 | 0 |
| Manufacturing | 4,558,007 | 0 | 0 | 4,500,299 | 0 | 0 | 0 |
| Information and communication | 53,854 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mining operations | 134,994 | 0 | 0 | 0 | 0 | 0 | 0 |
| Offshore oil and gas equipment | 4,766,134 | 0 | 0 | 0 | 0 | 0 | 0 |
| Offshore service vessels | 46,833,269 | 0 | 0 | 0 | 0 | 0 | 0 |
| Onshore oil and gas | 184,078 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 971,628 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-renewable power production | 827,616 | 85,087 | 0 | 0 | 0 | 0 | 0 |
| Renewable power production | 2,824,139 | 486,578 | 0 | 0 | 0 | 2,467 | 0 |
| Shipping and maritime services | 2,641,763 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transport and storage | 375,800 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water, sewage and other environmental services | 557,475 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 80,828,070 | 571,665 | 1,300,405 | 4,500,299 | 1,303,469 | 2,467 | 0 |

Total outstanding guarantee liabilities – 31 December 2020:

| Distribution by product | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|-------------------|----------------|------------------|------------------|------------------|------------|-----------|
| Buyer credit guarantee | 58,775,305 | 446,600 | 0 | 0 | 1,212,045 | 796 | 0 |
| Counter-guarantee | 2,741,365 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplier credit guarantee | 12,178 | 0 | 0 | 0 | 0 | 0 | 0 |
| Letter of credit guarantee | 1,709,804 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment guarantee | 283,437 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan guarantee for export-related investments in Norway | 4,260,785 | 0 | 0 | 0 | 0 | 0 | 0 |
| Power purchase guarantee | 0 | 0 | 0 | 4,745,648 | 0 | 0 | 0 |
| Building loan guarantee | 0 | 0 | 1,062,980 | 0 | 0 | 0 | 0 |
| Reinsurance GK | 57,541 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 70,526 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 67,910,940 | 446,600 | 1,062,980 | 4,745,648 | 1,212,045 | 796 | 0 |
| Collateralised | 69% | 100% | 100% | 0% | 100% | 0% | 0% |

Of the recipients of uncollateralised guarantees, 12 per cent have investment-grade or state-risk rating.

Total outstanding guarantee liabilities – 31 December 2019:

| Distribution by product | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|-------------------|----------------|------------------|------------------|------------------|--------------|-----------|
| Buyer credit guarantee | 73,337,470 | 571,665 | 0 | 0 | 1,303,469 | 2,467 | 0 |
| Counter-guarantee | 2,993,194 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplier credit guarantee | 19,708 | 0 | 0 | 0 | 0 | 0 | 0 |
| Letter of credit guarantee | 1,214,876 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment guarantee | 321,243 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan guarantee for export-related investments in Norway | 2,316,314 | 0 | 0 | 0 | 0 | 0 | 0 |
| Power purchase guarantee | 0 | 0 | 0 | 4,500,299 | 0 | 0 | 0 |
| Building loan guarantee | 0 | 0 | 1,300,405 | 0 | 0 | 0 | 0 |
| Reinsurance GK | 584,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 41,265 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 80,828,070 | 571,665 | 1,300,405 | 4,500,299 | 1,303,469 | 2,467 | 0 |
| Collateralised | 64% | 100% | 100% | 0% | 100% | 0% | 0% |

Of the recipients of uncollateralised guarantees, 17 per cent have investment-grade or state-risk rating.

11) Receivables related to payments under guarantees and associated impairments

Upon pay-out under a guarantee, GIEK is subrogated to the guarantee recipient's claim against the debtor. This receivable is recognised on the balance sheet at the time of pay-out. Measures are taken to collect receivables. Recoveries related to reinsurance are also included in this accounting item.

Net receivables on the balance sheet represent the recoverable value that GIEK has estimated for these receivables. The receivables on the balance sheet are assessed in the same way and at the same time that the guarantee portfolio is risk assessed. This assessment is done every half-year.

Receivables connected to payments under guarantees break down as follows:

| | AGO | ULA | BYG | KRA | SKI | GAM | S/ER |
|---|------------------|--------------|------------|----------|----------|---------------|--------------|
| Value of receivables connected to payments under guarantees 1 January 2020 | 7,549,530 | 1,814 | 473 | 0 | 0 | 43,136 | 2,770 |
| Net addition to/payment of receivables | 10,258,907 | | -993 | | | 0 | |
| Year's change in impairment of receivables | -8,909,804 | 0 | 520 | 0 | 0 | 0 | -665 |
| Foreign exchange gain | -284,017 | 0 | 0 | 0 | 0 | -1,103 | 0 |
| Value of receivables as at 31 December 2020 | 8,614,617 | 1,814 | 0 | 0 | 0 | 42,033 | 2,105 |
| Degree of impairment | 55,6% | 50,0% | 100,0% | 0,0% | 0,0% | 50,0% | 98,9% |
| Receivables connected to payments under guarantees | 19,686,946 | 3,627 | 19,007 | 0 | 0 | 84,067 | 198,314 |
| Individual impairments of receivables | -11,055,742 | -1,814 | -19,007 | 0 | 0 | -42,033 | -196,209 |
| Collective impairments of receivables | -16,588 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Stage 1 | 0 | | | | | | |
| - Stage 2 | -16,588 | | | | | | |
| Value of receivables 31 December 2020 | 8,614,617 | 1,814 | 0 | 0 | 0 | 42,033 | 2,105 |

The following table provides an overview of changes in the impairment of receivables, payments under guarantees in 2020 and payments received on impaired ordinary receivables (recovery).

| | AGO | ULA | BYG | KRA | SKI | GAM | S/ER |
|---|------------------|----------|-------------|------------|----------|----------|------------|
| Write-offs | 2,428,714 | 9,939 | 75,000 | 0 | 0 | 0 | 0 |
| GK change in impairments of ordinary receivables | -20,478 | -9,939 | 0 | 0 | 0 | 0 | 0 |
| Change in individual impairments of ordinary receivables | 6,486,875 | 0 | -75,520 | 0 | 0 | 0 | 665 |
| Change in collective impairments of ordinary receivables | 14,692 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loss and change in impairments of receivables | 8,909,804 | 0 | -520 | 0 | 0 | 0 | 665 |
| Change in value of receivables and expensing of new receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenses relating to payment of claims | 15,946 | 0 | 30 | -40 | 0 | 0 | 0 |
| GK's recognition of previous write-offs as revenue | -220 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recognition of previous write-offs as revenue | -7,417 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes in receivables and related costs | 8,309 | 0 | 30 | -40 | 0 | 0 | 0 |
| Net change in claim receivables | 8,918,113 | 0 | -490 | -40 | 0 | 0 | 665 |
| Net change in individual claim receivables | 6,474,707 | -9,939 | -75,490 | -40 | 0 | 0 | 665 |
| Realised losses | 2,428,714 | 9,939 | 75,000 | 0 | 0 | 0 | 0 |
| Net change in collective claim receivables | 14,692 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes in receivables and related costs | 8,918,113 | 0 | -490 | -40 | 0 | 0 | 665 |

Payments under guarantees amounted to NOK 11 billion for the general guarantee scheme (AGO).

12) Claims under moratorium agreements

Moratorium agreements are debt repayment agreements with five countries achieved through international creditor collaboration in the Paris Club. One of the countries, Egypt, will pay in its last amount in January 2021. Claims arise from payments made under the guarantees on the grounds of political risk. In new agreements, the principal amount is classified as a claim, and all claims are value-assessed. The value of claims is also affected by changes in current agreements, such as accrual of contractual

interest, payment of interest on arrears, consolidation of agreements, debt cancellation, realised foreign exchange gains/losses and floating interest rates. For moratorium agreements covered by Norway's debt relief plan, the plan has stipulated expectations about debt relief and hence the value of the claims, as well as compensation in the form of reduced debt to the Norwegian state. Please see Note 16 for a description of the debt relief plan.

Moratorium agreements are entered in the balance sheet as claims and are distributed among the guarantee schemes as follows:

| | AGO | ULA | GAM | SÆR |
|---|---------------|---------------|---------------|--------------|
| Value of claims under moratorium agreements 1 January 2020 | 77,765 | 23,134 | 64,335 | 3,214 |
| Net addition to/repayment of claims under moratorium agreements | -13,000 | 0 | -10,271 | -2,584 |
| Foreign exchange gains | -1,414 | -790 | -859 | 40 |
| Year's change in impairments of claims under moratorium agreements | 1,144 | 440 | 1,586 | 398 |
| Change in debt relief plan | 0 | 0 | 0 | 0 |
| Value of claims under moratorium agreements 31 December 2020 | 64,495 | 22,783 | 54,791 | 1,068 |
| Claims under moratorium agreements | 79,526 | 28,479 | 68,982 | 77,207 |
| Impairment of claims under moratorium agreements | -15,032 | -5,696 | -14,191 | -76,139 |
| Value of claims under moratorium agreements 31 December 2020 | 64,495 | 22,783 | 54,791 | 1,068 |

13) Stocks

| Company | Acquisition date | Ownership share | Voting share | Company's profit/loss for the year | Company's balance sheet equity | Balance sheet value (in capital accounts) | Balance sheet value (in agency accounts) |
|------------------------|------------------|-----------------|--------------|------------------------------------|--------------------------------|---|--|
| Støperigata Holding AS | | 100% | 100% | 3,447 | 49,470 | 49,470 | 49,470 |

Støperigata Holding AS had not been audited when the fund accounts were presented.

The company did not pay any dividend in 2020.

The accounts of the general guarantee scheme (AGO) and Støperigata Holding AS are not consolidated, since this company is intended to own shares temporarily.

14) Other receivables

As at 31 December 2020, other receivables consisted of:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|----------------|--------------|--------------|------------|--------------|----------|----------|
| Accrued income from guarantees | 225,714 | 3,246 | 2,447 | 106 | 5,303 | 0 | 0 |
| Other receivables and outstanding amounts | 97 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other receivables | 225,811 | 3,246 | 2,447 | 106 | 5,303 | 0 | 0 |

Comparable figures as at 31 December 2019:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|----------------|--------------|--------------|-----------|--------------|-----------|----------|
| Accrued income from guarantees | 311,652 | 1,631 | 6,588 | 28 | 4,097 | 20 | 0 |
| Other receivables and outstanding amounts | -28,414 | 0 | -932 | 0 | -570 | 0 | 0 |
| Total other receivables | 283,238 | 1,631 | 5,656 | 28 | 3,527 | 20 | 0 |

15) Accumulated capital

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|---|-------------------|----------------|----------------|---------------|---------------|-----------------|--------------|
| Paid-in primary capital 31 December 2019 | 0 | 450,000 | 0 | 0 | 0 | 0 | 0 |
| Accrued capital 31 December 2019 | 5,447,553 | 120,137 | 130,182 | 27,728 | 20,698 | -681,600 | 5,672 |
| Profit (loss) 2020 before transfer to the state | -11,520,950 | 56,640 | 24,486 | 30,805 | 13,471 | 509 | -242 |
| State transfers | 0 | 0 | 0 | 0 | 0 | -14,500 | -2,000 |
| Accumulated capital 31 December 2020 | -6,073,397 | 626,778 | 154,668 | 58,533 | 34,169 | -695,590 | 3,431 |

Transfers to the Norwegian state

The old general guarantee scheme and old special schemes annually pay to the Treasury a sum determined by the Norwegian Parliament, and this was NOK 16.5 million for 2020. From 2011 through 2020, accumulated transfers amounted to NOK 347 million.

Beyond short-term needs and annually estimated administrative costs, up to NOK 450 million of the developing countries guarantee scheme's funds are to be held in the primary capital fund.

This guarantee scheme regulates its liquidity through transfers to/from this fund. The fund is shown as a paid-in primary capital fund of NOK 450 million on the balance sheet for the developing countries guarantee scheme. The primary capital fund is non-interest-bearing.

The accumulated profit/loss in the active schemes remains with GIEK and is not transferred to/from the Norwegian state.

16) Debt relief plan

Under the debt relief plan, GIEK's claims against certain countries may be cancelled without new appropriations being made by netting the claims against a specified limit. The Norwegian debt relief plan was adopted by the Norwegian Parliament in December 1997 along with the central government budget for 1998. The debt relief plan was updated in 2004. Note 12 discusses claims under moratorium agreements.

The debt relief plan was utilised as follows in 2020:

| | GAM | SÆR |
|---|----------------|--------------|
| Remaining debt relief plan limit 1 Jan 2020 | 829,685 | 4,080 |
| Debt relief | 0 | 0 |
| Remaining debt relief plan limit 31 Dec 2020 | 829,685 | 4,080 |

The debt relief plan is a framework stipulated by the Ministry of Foreign Affairs from which GIEK is compensated for debt relief according to terms set by this Ministry. Debt relief without coverage by the debt relief plan has been decided on for interest on overdue payments incurred under old special schemes (SÆR). The difference between the remaining amount and the debt cancellation decided on is debited to the results of the old special schemes. The debt relief did not exceed the remaining amount in 2020, but is expected to do so in future. The remaining amount for the old general guarantee scheme (GAM) under the debt relief plan exceeds the remaining claims under the debt relief plan.

17) Debt to the Ministry of Trade, Industry and Fisheries (MTIF)

GIEK has been given NOK 10 million to establish the power purchase guarantee scheme and has also received a grant of NOK 10 million from the MTIF for the domestic ship guarantee scheme. In addition, the general guarantee scheme has used NOK 6.63 billion of the drawdown facility. These amounts are recorded as debt to MTIF.

18) Other liabilities

As at 31 December 2020, other liabilities consist of:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--------------------------------|---------------|----------|----------|----------|----------|----------|----------|
| Unpaid reinsurance | 15,014 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other liabilities | 15,014 | 0 | 0 | 0 | 0 | 0 | 0 |

Comparable figures as at 31 December 2019:

| | AGO | ULA | BYG | KRA | SKI | GAM | SÆR |
|--------------------------------|---------------|-----------|-----------|------------|----------|----------|----------|
| Unpaid administrative expenses | 1,470 | 14 | 64 | 61 | 4 | 0 | 0 |
| Unpaid reinsurance | 8,400 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other ledger entries | 308 | 0 | 0 | 791 | 0 | 0 | 0 |
| Total other liabilities | 10,178 | 14 | 64 | 852 | 4 | 0 | 0 |

19) Related parties

We have defined the following institutions as related parties: Export Credit Norway AS, the Ministry of Trade, Industry and Fisheries (MTIF) and Støperigata Holding AS. Transactions between GIEK and related parties, with the exception of MTIF, are based on commercial terms.

Relationships of significant importance are described below.

Export Credit Norway AS

Export Credit Norway is a company wholly owned by MTIF and administers export financing on behalf of the Norwegian state. On 1 July 2021, Export Credit Norway and GIEK will merge to form a new agency, Export Financing Norway. The guarantee schemes guarantee NOK 36 billion (NOK 49.2 billion) of Export Credit Norway's lending portfolio. For this, GIEK receives premiums and fee revenues from the borrowers on market terms, which in 2020 amounted to NOK 633 million (NOK 735 million) in premiums, NOK 78 million (NOK 150 million) in fee revenues, and NOK 6 million (NOK 0) in interest income. In addition, Export Credit Norway pays NOK 0.85 million (NOK 0.9 million) for various sustainability services.

Ministry of Trade, Industry and Fisheries

The guarantee schemes are operated under the authority of the Ministry of Trade, Industry and Fisheries (MTIF). The following types of transaction take place between GIEK and MTIF:

- 1 A primary capital fund of NOK 450 million has been established for the developing countries guarantee scheme. The guarantee exposure limit for this scheme is seven times the primary capital fund (NOK 3 150 million). In 2008, management of the primary capital fund was transferred from MTIF to GIEK, with NOK 300 million then in the fund. An additional NOK 150 million was transferred to the primary capital fund in 2009.
- 2 Transfer of bank deposits. For the old general guarantee scheme and old special schemes, annual transfers equivalent to the bank deposits at the beginning of the year minus NOK 5 million are made to MTIF. In 2020, this amounted to NOK 16.5 million.
- 3 The general guarantee scheme has a loan of NOK 6.63 billion as at 31 December 2020.
- 4 The power purchase guarantee scheme has a debt of NOK 10 million to MTIF.
- 5 The domestic ship guarantee scheme has received a grant of NOK 10 million from MTIF. This grant is to be repaid when this is regarded as expedient based on the liquidity in the scheme.

The exposure limits for GIEK's guarantee schemes are determined by the Norwegian Parliament when dealing with the central government budget.

20) Liquidity risk

GIEK issues guarantees on behalf of the Norwegian state. GIEK has no liquidity risk since procedures have been established to draw on the state's liquidity. If the liquidity available in an individual guarantee scheme is insufficient, MTIF will be informed and the drawdown facility will be used so that GIEK can administer the Norwegian state's obligations.

The table below sets out the maturity dates for the underlying loans that GIEK has guaranteed:

| | < 1 month | 1-3 months | 3 months- 1 year | 1-5 years | > 5 years |
|--------------|----------------|----------------|---------------------|-------------------|-------------------|
| AGO | 159,665 | 69,608 | 2,353,609 | 19,789,689 | 45,538,369 |
| GAM | 0 | 0 | 796 | 0 | 0 |
| BYG | 223,120 | 495,000 | 344,860 | 0 | 0 |
| KRA | 0 | 0 | 0 | 0 | 4,745,648 |
| SKI | 0 | 0 | 0 | 0 | 1,212,045 |
| ULA | 0 | 0 | 16,007 | 2,680 | 427,913 |
| Total | 382,785 | 564,608 | 2,715,272 | 19,792,369 | 51,923,976 |

21) Events after the balance sheet date

On the date when the accounts were presented, there was no information on significant factors that affect the 2020 accounts.

For some commitments, there have been incidents due to the changed market situation for the companies or developments in restructuring negotiations. These changes do not affect the result, and the Board considers that these developments are within the levels of variation and uncertainty that were assumed in the loss-review assessments.

Annual report for schemes established as measures during the pandemic

The Board's comments:

The corona pandemic led to major consequences for the Norwegian and global economy and, like many other countries, Norway implemented various emergency schemes to ease the effects on industry. GIEK was given responsibility for administering three temporary schemes.

- ◆ **An airline guarantee scheme to help the airlines obtain access to financing in the market and contribute to the maintenance of Norwegian aviation operations during a difficult period.**
- ◆ **A short-term credit insurance scheme to reduce the risk to credit insurance companies with operations in Norway.**
- ◆ **A loan guarantee scheme to ensure partially state-guaranteed loans to companies facing an acute shortage of liquidity as a result of the pandemic.**

The Board believes the assignment involving the temporary schemes shows that GIEK is trusted. In our opinion, the way in which the tasks were carried out shows that GIEK can handle demanding assignments, and that its expertise in risk management, credit and digitalisation can be used in new ways to assist industry.

Airline guarantee scheme

The airline guarantee scheme has been extended three times since it was first established, most recently until 30 June 2021. GIEK administers the scheme for the MTIF, and there was close dialogue on GIEK's assignment throughout 2020. GIEK is not asked to conduct credit assessments when dealing with applications under the scheme, and a loss provision of NOK 6 billion accompanies the guarantee exposure limit of NOK 6 billion.

In 2020:

- ◆ Seven guarantees for a total of NOK 4.5 billion were issued
- ◆ Offers of seven guarantees for a total of NOK 4.5 billion were made
- ◆ Seven applications for a total of NOK 5.6 billion were received

Loan guarantee scheme for companies

GIEK administers the loan guarantee scheme for the Ministry of Finance. This scheme demonstrates the trust and cooperation that exists between the financial institutions in Norway and the Norwegian state. The scheme involves the financial institutions granting loans to their

customers and, if the loans qualify under the loan guarantee scheme, the financial institutions are given a state guarantee for up to 90 per cent of the loan amount. The responsibility for complying with the legislation and accompanying regulations governing the loan guarantee scheme rests with the financial institutions.

GIEK's responsibility was firstly to obtain reports from the banks so that the utilisation of the guarantee exposure limit could be reported further to the principal. GIEK put in place a solution for reporting from the financial institutions within a few weeks. The principal decided that information on the granting of applications and use of funds under the loan guarantee scheme should be publicly available, so GIEK developed a wholly digital access portal, also within only a few weeks.

This scheme has been extended so that the financial institutions can use it until 30 June 2021.

GIEK is also responsible for assessing and, if relevant, approving the restructuring of the financial institutions' debtors under the scheme, and for making payments to the financial institutions if the guarantee is triggered. At the end of 2020, one claim had been paid. GIEK expects the number and volume of payments under the loan guarantee scheme to rise in 2021.

At the end of 2020, 3 912 loans had been granted under the scheme, with a total volume of NOK 11.3 billion. The use of the scheme is made visible via the access portal at GIEK.no, and is updated weekly based on the reports received from the financial institutions.

Guarantee scheme for the reinsurance of credit insurance
The scheme for the reinsurance of credit insurance was established after the EU had allowed state offers in 2020, with temporary schemes approved by the ESA scheme, and this has later been extended to 30 June 2021.

The corona pandemic led to credit insurance companies being considerably less willing to take risk, and these companies communicated a need to offload risk in order to maintain their services in the market. In parallel to this, Norwegian exporters, especially in the seafood industry, gave notice that it was essential that these services were maintained.

GIEK has established its reinsurance services within the frameworks approved by ESA. Of the five companies that offer credit insurance in the Norwegian market, Atradius, Euler Hermes, Coface GK Forsikring and Coface chose to join the scheme. In practice, this means the scheme covers almost 99 per cent of the credit insurance market in Norway.

By joining the scheme, the companies mainly undertake to continue to provide credit insurance at the same level as before the COVID-19 pandemic. The companies' reports confirm that these services have on the whole been maintained.

Through the reinsurance solution, GIEK offloads 90 per cent of the risk and reinsures almost 100 per cent of the market, with effect for all sales in 2020 and claims reported on 12 March 2020 or later.

Through the scheme, just over 550 companies, 79 per cent of which are small or medium-sized, have maintained their credit insurance. The gross premium revenues in 2020 were NOK 210 million, of which GIEK's 65 per cent share equals NOK 136 million, for the January-October period that has been paid in. The premium revenues for November and December 2020 will be paid in 2021. In total, the premium revenues from sales in 2020 will be slightly lower than in 2019, due to fewer insured sales. Few claims have been reported, and they comprise a low volume. This is probably due to the economic support measures implemented in Norway and abroad. We believe the number of claims will increase in 2021, both in number and in volume.

Assessment

The annual accounts have been presented in accordance with the Provisions on Financial Management in Central Government, circulars from the Ministry of Finance and requirements issued by the Ministry of Trade, Industry and Fisheries and Ministry of Finance. In the Board's and CEO's view, the accounts provide a satisfactory picture of the economic situation and results in 2020 of schemes established during the pandemic.

The Office of the Auditor General audits and certifies the accounts for the schemes that were established as measures during the pandemic. The auditor's report will be published on giek.no, together with the annual report, as soon as it is ready.

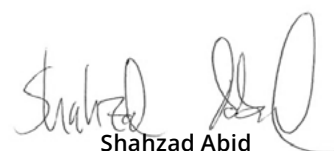
Oslo, 16 March 2021



Karin Bfng Orgland
Chair



Torfinn Kildal
Deputy chair



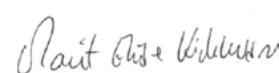
Shahzad Abid
Board member



John G. Bernander
Board member



Margrethe Hauge
Board member



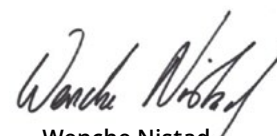
Marit E. Kirkhusmo
Board member



Nina Udnes Tronstad
Board member



Hans Melandsø
Employee representative



Wenche Nistad
Chief executive officer

Appropriation reporting statement

Ministries: Ministry of Trade, Industry and Fisheries and Ministry of Finance

Main group: 81 Account loans from ordinary funds

Sub-groups: 81.09.05 Funds managed by GIEK
81.16.02 Funds managed by GIEK

| Specified opening balance | Amount |
|---------------------------|--------|
| Airline guarantee scheme | 0 |
| Loan guarantee scheme | 0 |
| Credit reinsurance scheme | 0 |

| Changes during the period | Amount |
|---------------------------|----------------|
| Airline guarantee scheme | -6,004,254,210 |
| Loan guarantee scheme | -9,992,052,291 |
| Credit reinsurance scheme | -1,597,198,108 |

| Specified closing balance during the period, sub-group | Amount |
|--|----------------|
| Airline guarantee scheme | -6,004,254,210 |
| Loan guarantee scheme | -9,992,052,291 |
| Credit reinsurance scheme | -1,597,198,108 |

| Holdings reported to the capital accounts (31 December) | 2020 | 2019 | Change |
|---|-----------------|------|-----------------|
| Ordinary funds (assets) | -17,593,504,609 | 0 | -17,593,504,609 |
| Holdings in accounts with Norges Bank | -17,593,504,609 | 0 | -17,593,504,609 |

| Specified closing balance during the period, sub-group | Closing balance in Norges Bank | Liabilities | Outstanding amount |
|--|--------------------------------|---------------|--------------------|
| Airline guarantee scheme | -6,004,254,210 | 6,004,254,210 | 0 |
| Loan guarantee scheme | -9,992,052,291 | 9,992,052,291 | 0 |
| Credit reinsurance scheme | -1,597,198,108 | 1,597,198,108 | 0 |

Funds allocated

| Chapter and item* | Chapter name | Guarantee scheme | Year's allocations | Accounts 2020 |
|-------------------|--------------|---------------------------|--------------------|---------------|
| 90023 | GIEK | Airline guarantee scheme | 6,000,000 | 1,745,790 |
| 164523 | GIEK | Loan guarantee scheme | 10,000,000 | 5,641,109 |
| 246051 | GIEK | Credit reinsurance scheme | 6,000,000 | 4,902,181 |

* The grants are registered to chapter 2460, item 24 of the administrative accounts..

| Guarantee authorisations | | | | |
|--|---------------------------|----------------|--|------------|
| Prop. 57 S (2019-2020) and Recommendation 200 S (2019-2020) | Airline guarantee scheme | 6,000,000,000 | | 0 |
| Prop. 57 S (2019-2020) and Recommendation 200 S (2019-2020) Prop. 67 S (2019-2020) and Recommendation 216 S (2019-2020) | Loan guarantee scheme | 10,000,000,000 | | 12,306,600 |
| Prop. 117 S (2019-2020) and Recommendation 360 S (2019-2020) | Credit reinsurance scheme | 1,620,000,000 | | 23,899,711 |

Fund account statement with notes (the accounts for the schemes established as measures during the pandemic)

Profit and loss account

| Results | Note | Airline guarantee scheme | Loan guarantee scheme | Credit reinsurance scheme |
|---|------|--------------------------|-----------------------|---------------------------|
| Grant from the Ministry for operations | | 6,000,000 | 10,000,000 | 6,000,000 |
| Grant from the Ministry for losses | | 6,000,000,000 | 10,000,000,000 | 1,620,000,000 |
| Guarantee premiums | | 47,643,944 | 58,447,475 | 133,119,634 |
| Fee revenues | | | 9,414,687 | |
| Total transfers to the fund | | 6,053,643,944 | 10,077,862,162 | 1,759,119,634 |
| Guarantee amount transferred to the state | | 47,643,944 | 67,862,162 | 133,119,634 |
| Payments under the guarantees | 2 | | 12,306,600 | 23,615,951 |
| Administrative expenses | | 1,745,790 | 5,641,109 | 4,902,181 |
| Total transfers from the fund | | 49,389,734 | 85,809,871 | 161,637,766 |
| Profit (loss) on the period's activities | | 6,004,254,210 | 9,992,052,2 | 1,597,481,868 |

Utilisation

| | | | | |
|--|--|----------------------|----------------------|----------------------|
| Transfer of the profit (loss) for the period to the accrued accumulated capital | | 6,004,254,210 | 9,992,052,291 | 1,597,481,868 |
|--|--|----------------------|----------------------|----------------------|

Balance sheet

| | Note | Airline guarantee scheme | Loan guarantee scheme | Credit reinsurance scheme |
|---|------|--------------------------|-----------------------|---------------------------|
| Assets and liabilities | | | | |
| Receivables | | | | 283,760 |
| Bank accounts with Norges Bank containing state funds | | 6,004,254,210 | 9,992,052,291 | 1,597,198,108 |
| Total assets | | 6,004,254,210 | 9,992,052,291 | 1,597,481,868 |
| Accrued accumulated capital | | 6,004,254,210 | 9,992,052,291 | 1,597,481,868 |
| Total liabilities and accumulated capital | | 6,004,254,210 | 9,992,052,291 | 1,597,481,868 |

1) Note on principles governing the schemes established as measures during the pandemic

GIEK is to present fund accounts on a cash basis for the temporary guarantee schemes introduced by Norwegian authorities to handle the corona situation. This applies to the following schemes:

- ♦ Airline guarantee scheme (FLY)
- ♦ Guarantee scheme for small and medium-sized companies (LÅN)
- ♦ Temporary guarantee scheme for the reinsurance of short-term credit insurance (REF)

The individual guarantee schemes have separate accounts. GIEK presents the annual accounts for each of the funds (guarantee schemes) together in one document as part of the annual report.

The annual accounts for state agencies are prepared and presented on the basis of detailed guidelines specified in the Provisions on Financial Management in Central Government ("the provisions"). The annual accounts are in accordance with the requirements in chapter 3.4.5 and 3.4.6 of the provisions, more detailed provisions in the Ministry of Finance Circular R-115 and any additional requirements imposed by the parent ministry.

The statements on the appropriation reporting and general ledger accounts reporting are based on chapter 3.4.2 of the provisions - the basic principles governing annual accounts:

- a. The accounts follow the calendar year.
- b. The accounts contain all reported expenses and revenues for the accounting year.
- c. Expenses and revenues are shown in gross amounts in the accounts.
- d. The accounts are prepared on a cash basis.

2) Payments under guarantees

Attempts will be made to recover payments under guarantees, and these are not finally written off as losses.

The cash basis means that payments to others are to be reported as expenses during the period when they are made, and payments received are to be reported as revenues during the period when they are received.

Each guarantee scheme covers its share of the actual administrative expenses. Funds to administer the guarantee schemes for dealing with the corona situation have been provided as grants in separate allocation letters. These grants are to cover GIEK's administrative expenses incurred in establishing these schemes and operating them for several years.

If the funds contain any unused amounts at the year-end, these amounts are to be transferred to the individual scheme's accumulated capital and can be used in subsequent years.

The annual accounts for the temporary guarantee schemes consist of the management's comments, the appropriation report and fund accounts showing the fund's expenses, revenues, assets and accumulated capital.



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GIEK is the Norwegian Export Credit Guarantee Agency

GIEK provides long-term guarantees that encourage Norwegian industry to carry out more international trade and exports. On behalf of the Norwegian state, GIEK provides guarantees for loans, investments and product deliveries on commercial terms. The guarantees are given to Norwegian companies, their international buyers and banks.

GIEK is a public-sector enterprise that reports to the Ministry of Trade, Industry and Fisheries (MTIF) and is also covered by international rules and agreements for export credit agencies.

As from 1 July, GIEK and Export Credit Norway AS will become Export Financing Norway (Exfin). The objectives of this merger are simplification, higher quality and greater efficiency for customers.