05

ANNUAL REPORT

GIEK GARANTI-INSTITUTTET FOR EKSPORTKREDITT

CONTENTS

THIS IS GIEK

GIEK is a public enterprise that promotes Norwegian exports and Norwegian investments abroad through the issuance of guarantees on behalf of the Norwegian State. In addition to covering risk, the guarantees provide a foundation for favourable financing of export contracts.

GIEK offers commercial and political risk cover of exports, and political risk cover of international investments.

GIEK's core competence is the assessment of commercial and political risk.

GIEK's guarantees shall be competitive with corresponding schemes in other countries.

GIEK's guarantees are awarded in compliance with international agreements.

GIEK's activities are required to break even over time.

GIEK is a supplement to the private commercial assurance and guarantee market.

GIEK's guarantees can cover risks from the date when the contract offer is made until all credit has been paid off.

GIEK's Board has an independent and autonomous role. The Board's decisions may not be appealed.

GIEK Kredittforsikring AS, which is wholly owned by GIEK, covers credits maturing in less than two years.

GIEK'S GUARANTEE SCHEMES

GENERAL GUARANTEE SCHEME

This is GIEK's main scheme. It is used for commercial and political risk cover of exports and political risk cover of international investments. The scheme has an exposure limit of NOK 40 billion for offers and policies.

DEVELOPING COUNTRY SCHEME

This scheme guarantees credits and investments in developing countries where the risk is deemed to be too high for guarantees to be provided under the General Guarantee Scheme. Certain criteria must be met. The exposure limit is NOK 1.5 billion.

CONSTRUCTION LOAN GUARANTEE SCHEME

This scheme comprises guarantees for construction loans to Norwegian shipyards, limited to 50 per cent of the loan amount. The scheme also covers deliveries to Norwegian buyers. The exposure limit is NOK 2.5 billion.

TENDER GUARANTEE SCHEME

This scheme moderates the risk for tenders in aid-financed projects, limited to a maximum of 50 per cent of the total tender expenses, up to a maximum of NOK 250,000. GIEK is responsible for the administration of the scheme, which is managed by Norfund. The exposure limit is NOK 10 million.

SCHEMES BEING WOUND UP

GIEK administers and follows up several old schemes where new offers or guarantees are no longer issued.

www.giek.no

HIGHLIGHTS IN 2005

- GIEK contributed to export contracts valued at NOK 14.4 billion.
- The profit for the General Guarantee Scheme was NOK 139 million. The good results can be attributed primarily to lower risk as a result of the good world economy.
- The overall liability under current offers and policies increased to NOK 26.4 billion out of a total limit of NOK 40 billion. Considering that applications valued at NOK 11.7 billion were registered as at 31 December, GIEK is approaching the level of the limit.
- Wenche Nistad took over as the Managing Director on 1 June, succeeding Erling Naper.
- The Construction Loan Guarantee Scheme for shipyards entered into force.

KEY FIGURES FOR THE GENERAL GUARANTEE SCHEME

	2005		2004		2003		2002		2001	
DURING YEAR	Number	NOK million	Number	NOK million	Number	NOK million	Number	NOK million	Number	NOK million
New applications	187	24 645	176	21 307	221	9 035	150	14 556	150	19 746
New offers	139	14 182	113	18 083	137	6 481	108	9 458	95	9 066
New liabilities covered	77	2 980	55	3 521	114	3 238	75	3 562	83	2 680
Premium income		146		140		137		110		116
Claims expenses		125		80		92		83		65
Recoveries		22		7		9		3		9
AT YEAR-END										
Outstanding offers	64	12 831	63	9 862	58	2 983	79	8 920	71	7 691
Outstanding guarantee liability	284	12 483	272	12 179	280	10 902	239	10 959	249	10 540
Outstanding receivables		462		357		288		229		155
Provisions for contingent liabilities		640		712		707		670		608
Operating profit/loss		99		58		89		55,5		-78,1
Profit/loss for the year		139		58		110		61,7		-45,4
Equity		347		208		150		40		-22
Policy liability reinsured for GK		268		358		307		243		294
Total outstanding policy liability		12 751		12 537		11 209		11 202		10 834

A NECESSARY LINK IN THE INTERNATIONALISATION PROCESS

For GIEK it is gratifying to report that the demand for our services is continuously growing. Last year our guarantee liabilities were the highest ever. We could also report very good results.

The reason for these figures can be found primarily in the economic development of GIEK's most important market areas: Asia, Latin America and other emerging economies. The elimination of trade barriers, increased international division of labour, technological advances and improved organisation have resulted in a sharp upswing in international trade and growth in many former low-income countries. Even though a significant number of countries are still struggling with great poverty, many countries have achieved a completely different level in just a few years, and they have thus become important markets for Norwegian companies.

The improvement is so fundamental that the OECD and we at GIEK have been able to reclassify a number of countries from high risk to a lower risk. This means that GIEK needs to make fewer provisions for losses, which has in turn improved our profit.

GIEK's traditionally most important user group, the maritime industries, is now among the fastest growing industries in Norway. Raising oil prices have resulted in high growth throughout the entire offshore industry and contributed to increased internationalisation of the offshore supplier industry.

”GIEK has been able to re-classify a number of countries from high risk to a lower risk”

INCREASING NEED FOR RISK COVER

Internationalisation has taken, and is taking, place in markets with a significant risk level. Large amounts of money are involved in each individual contract, and there is an associated need for risk cover. GIEK represents therefore a necessary link in the internationalisation of the Norwegian offshore industry. If we are to maintain our local offshore competence, this internationalisation must continue, and we at GIEK will do what we can to assist in this process, through adaptation of our product offerings, etc. A side effect of the upswing in the offshore industry is, for example, the fact that oil prices have become a very important factor in GIEK's own risk profile.

Risk cover provided by GIEK is more and more often a key factor in the internationalisation of other industries, such as the fisheries and telecom industries. In addition, there is a growing number of small and medium-sized enterprises finding new markets in areas with a challenging business climate, and we will seek to simplify our routines for this important customer group.

“Oil prices have become a very important link in GIEK's own risk profile”

EXPOSURE LIMIT SHOULD BE EXPANDED

Due to the increased level of activity in new and more risky markets, we have requested the Ministry of Trade and Industry to expand the exposure limit for the General Guarantee Scheme by NOK 10 billion to NOK 50 billion. At year-end GIEK had issued guarantees and offers valued at more than NOK 26 billion. We had applications for around NOK 11 billion at the same time, so we could quickly approach the current exposure limit of NOK 40 billion.

In addition, we have requested that the exposure limit for the Developing Country Scheme be doubled to NOK 3 billion. We have applications in this scheme now for around NOK 1 billion, and they cannot be processed due to formal limitations. The overall responsibility must also lie at a higher level if the scheme is to be able to generate adequate income.

GROWTH IN GUARANTEES FOR OUR COMPETITORS

The demand for public guarantees for export credits is also exhibiting strong growth in our competitors' countries, in step with the upswing in the new growth markets. Some fifty guarantee institutes in more than 40 countries had a business volume for export credits and investment guarantees of around NOK 5,260 billion in 2004, over 20 % more than in the previous year.

EQUAL TERMS OF COMPETITION

This guarantee market is regulated to a great extent by OECD and WTO provisions. Cooperation in the international union of guarantee institutes, the Berne Union, is also important in this connection. At GIEK, we will still attach importance to participation in this work to ensure that our guarantee terms are just as good as what companies in other countries obtain. This work is decisive in many ways. GIEK's most important task is essentially to contribute to ensuring that Norwegian exporters have competitive working conditions. If our customers are successful, so are we.

Wenche Nistad,
Managing Director

ICEBREAKING: The advanced supply vessel Vladislav Strizhov will supply platforms at Novaja Semlja.

LARGE GUARANTEES FOR ICEBREAKING SUPPLY VESSELS

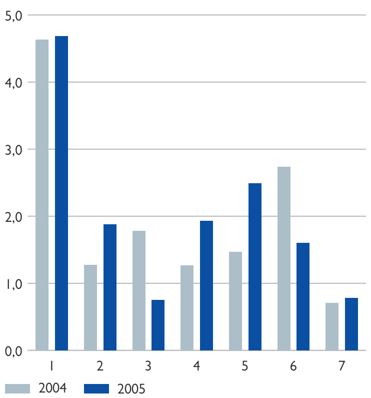
In 2005 GIEK issued buyer's credit guarantees valued at NOK 672 million for the construction of two icebreaking supply vessels at Havyard Leirvik AS. The vessels, which have a contract value of NOK 900 million, have been ordered by the Russian ship-owning company CJSC Sevmorneftegaz.

Most of the contract amount is financed by two ten-year loans. GIEK's guarantees for the loans provide 90 per cent cover for political risk. In addition, the ship-owning company's owner, the large natural gas company OAO Gazprom, has issued its own guarantee as security for both the loans.

"GIEK's guarantees represented a very important factor in the ship-owning company's decision-making process," says Finance Director Idar Fuglseth of Havyard Leirvik. "The guarantees made us even more competitive, as they reduced the cost of our financing. In addition to covering the political risk, such guarantees also provide important cover for commercial risk," says Fuglseth.

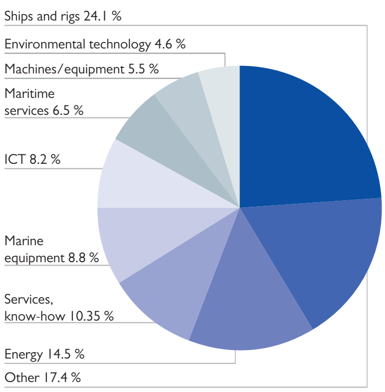
The vessels will supply platforms in new fields at Novaja Semlja. They have been built according to a new design developed by Moss Maritime AS in cooperation with the ship-owning company. The shipyard has also used deliveries from local companies valued at over NOK 100 million for the two vessels.

Liability by country group
NOK billion, all schemes



Outstanding liability by country group according to risk assessment. Group 1 represents the lowest risk and group 7 the highest risk. Many countries were moved to groups with a lower risk in 2005.

Liability by product groups
All schemes



Abe digramiturates r,caund 40 per cent of GIEK's outstanding liability is linked to guarantees for maritime industries.

RISKS COVERED BY GIEK'S GUARANTEES:

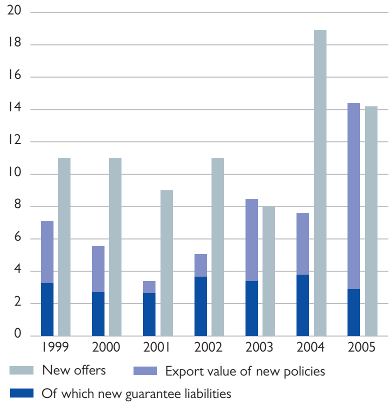
- Risk of credit sales.
- Risk of financing buyer.
- Risk of breach of contract prior to delivery.
- Risk related to bidding, upfront payment and payment requirements pledged by Norwegian supplier to overseas buyer.
- Risk that buyer invokes guarantees unfairly.
- Risk of foreign components in Norwegian export contracts.
- Risk of subcontracts in a transitional project.
- Risk of tenders in development-assistance-financed projects.
- Risk of long-term funding of equipment, ships and drilling vessels for Norway-registered owners when supplied to ships for foreign trade or mobile rigs.
- Risk of construction loans that are granted for building ships at Norwegian yards.
- Risk in connection with foreign deliveries included in Norwegian export deliveries.

GUARANTEES ADAPTED TO THE NEEDS OF NORWEGIAN COMPANIES

The need for risk moderations varies considerably from company to company. Therefore, GIEK offers a wide selection of long-term guarantees that may cover the whole period from the date when an offer is made until all credit has been paid off. Customer credits with a maturity of up to two years are guaranteed by GIEK's subsidiary, GIEK Kredittforsikring AS. The following are GIEK's main products:

BUYER'S CREDIT GUARANTEE
GIEK's most in-demand product. This guarantee safeguards the repayment of a loan given to purchase Norwegian goods or services. It often represents a prerequisite for the participation of Norwegian or international banks in the loan funding of an export contract. The guarantee may cover both commercial risk (risk of loss due to bankruptcy or insolvency of the buyer) and political risk (risk of non-settlement due to government intervention, war, confiscation, etc., or risk where the buyer is a public entity).

Export value of new policies
NOK billion, General Guarantee Scheme



Offers were issued for guarantees valued at NOK 14.2 billion in 2005. Export value of policies issued in 2005 totalled NOK 14,4 billion. GIEK's liability was NOK 3.2 billion of this amount.

SUPPLIER'S CREDIT GUARANTEE
Covers credits that the exporter gives and loans that a financing house gives in return for the exporter's payment claims on the buyer. May cover both commercial and political risk. The guarantee is mostly used for credits maturing at two to five years and/or involving relatively small amounts.

CONTRACT GUARANTEE
Seeks to provide security against losses that may arise during the production period before delivery, such as if the buyer files for bankruptcy. This guarantee is especially aimed at long production periods and tailor-made products. May cover both commercial and political risk.

LETTER OF CREDIT GUARANTEE
Covers the non-fulfilment of an LC contract. The guarantee is mainly seen as a risk moderator for the exporter's banking associate.

INVESTMENT GUARANTEE
Covers the political risk that investments and assets abroad may be subject to. Both equity and loans are covered. This guarantee covers such factors as loss due to hostilities, currency restrictions and other government intervention – including boycott decisions by the Norwegian government. Breach of contract by the authorities or public agencies in the host country may also be covered.

BOND GUARANTEE
Covers the international buyer's risk when making a purchase from a Norwegian supplier. It is available as a bid guarantee, upfront payment guarantee or performance guarantee. Normally, it is pledged in the form of a bank guarantee (bond) in the name of the buyer, and GIEK will assist the bank with up to 50 per cent of the risk. GIEK may also cover the exporter's risk of unfair calling on bonds.

GUARANTEE FOR CONSTRUCTION MATERIALS
Covers the political risk of damage to or physical loss of construction materials during work abroad.

SHIPBUILDING LOAN GUARANTEE
Covers loans to shipyards in connection with the construction or conversion of ships in Norway. GIEK can cover 50 per cent of the risk on equal terms with the yard's bank.

SPECIAL PRODUCTS
In addition to the regular products, specially adapted guarantees can also be offered.

DeepOcean ASA in Haugesund entered into a contract with the Mexican company Pemex in 2005 concerning the employment of three ships. The contract was financed by a long-term loan with a buyer's credit guarantee from GIEK.

LARGEST GUARANTEE LIABILITY STILL IN MEXICO

As in the preceding year, Mexico is the most important market for GIEK's guarantees in 2005, excluding Norway. Large guarantees for offshore services accounted for almost 16 per cent, or NOK 2,248 billion, of GIEK's outstanding liability linked to commitments in Mexico.

Guarantees for deliveries to the Mexican State oil company, Pemex, represented around NOK 2.2 billion of this, and Pemex is thus decidedly GIEK's most important point of risk. New, large contracts for offshore vessels made Russia GIEK's third largest foreign market in 2005. Russia was not even on the list of the 15 most important markets in the previous year. As a result of these contracts Russia was the market where GIEK had the greatest increase in new guarantee liability in 2005, excluding Norway. Norway has been on the top of the list of countries where GIEK has the greatest guarantee liability for many years. The reason for this is the fact that GIEK can guarantee the sale of Norwegian ships and Norwegian ship gear to Norwegian ship-owners if the vessels are destined for foreign trade or offshore operations.

It is evident from the offers issued in 2005 that GIEK's customers are working on several new major export projects in the US. There is also greatly increasing interest in the Latin American market.

NEW GUARANTEE LIABILITY IN 2005

NOK million, all schemes

Norway	**744,2**
Russia	**697,9**
Mexico	**503,1**
Laos	**221,9**
Brazil	**162,6**

OUTSTANDING LIABILITY 2005

NOK million at 31 December, General Scheme

Norway	**2 656,2**
Mexico	**2 248,4**
Turkey	**871,1**
Russia	**841,6**
Romania	**724,2**

COVERED RISK FOR A VIETNAMESE BUYER

In 2005 GIEK was the first guarantee institute to cover long-term risk directly for a Vietnamese buyer through guarantees for a delivery to the Vinashin shipyard. GIEK has thus gone one step further in Vietnam after being the first guarantee institute to accept long-term risk for a local Vietnamese bank in 2003.

The delivery to Vinashin consists of electrical supplies from Jacobsen Elektro in Hokksund at a value of almost NOK 30 million. International bank guarantees were too expensive for this transaction. It was also difficult to obtain guarantees from local banks since credit lines had already been used up.

Employees from GIEK travelled to the shipyard late in the summer of 2005 and made a thorough risk assessment on site. According to this risk assessment GIEK can for the time being guarantee up to 70 per cent of the risk of Norwegian deliveries to Vinashin.

"Vinashin was completely dependent on arranging financing for completion of this project, and without GIEK's positive involvement we would have never been awarded this contract," says Managing Director Johan Svendsen of Jacobsen Elektro AS.

Nom Triu is Vinashin's largest shipyard.

REPORT OF THE BOARD OF DIRECTORS

GIEK achieved good results in 2005. The Board is also very satisfied with the overall level of activity. The number of new applications, offers, and policies were all above the level of the previous year, while the volume of new liabilities and new offers declined somewhat. The outstanding guarantee liabilities rose at the same time to NOK 14.1 billion.

Guarantees from GIEK contributed to new export contracts valued at NOK 14.4 billion in 2005. The Board sees this as an expression of the fact that the principal aim of promoting Norwegian exports and Norwegian investments abroad was achieved in 2005. The contribution to increased exports was reinforced by GIEK Kredittforsiking AS insuring a further NOK 11.5 billion worth of short-term export contracts.

The overall liability under the current offers and policies in the General Guarantee Scheme and Old General Scheme was NOK 26.4 billion out of a limit of NOK 40 billion at the end of the year. This represents an increase of NOK 3.2 billion from the previous year. The limit for the Developing Country Scheme has been fully utilised again, and the policies and offers totalled NOK 1.4 billion overall. Applications have been received for more than NOK 1 billion in the Developing Country Scheme, NOK 800 million of which are linked to new applications in 2005.

The Board is satisfied with the interest shown in the new Shipbuilding Loan Guarantee Scheme for shipyards, which was introduced in 2005, and the new Tender Guarantee Scheme established in the autumn of 2004.

GIEK'S FRAMEWORK CONDITIONS

International comparisons show that the guarantee terms that Norwegian companies obtain with GIEK are on par with the terms in other countries. In the opinion of the Board, GIEK's working conditions and operating environment are well-suited to the international competitive situation.

GIEK changed the principles for how it accounts for exchange rate fluctuations in 2005. While different principles were used for currency accounting previously, which included the Storting rate, the current exchange rate principle has been used throughout the 2005 accounts. This means that some of the 2005 figures are not directly comparable with the accounting figures from previous years.

GIEK's Articles of Association were amended in 2005. The Articles of Association specify now that the accounts for the guarantee schemes follow the principles found in the Norwegian Accounting Act whenever appropriate.

In 2005 GIEK received approval to place portions of its reserves in currencies other than Norwegian kroner. Foreign currency accounts have been opened in USD and Euro. The majority of all loans covered by GIEK's guarantees are in foreign currencies, so GIEK's financial stability has been strengthened.

The Oslo Tax Assessment Office stated in December 2005 that GIEK is subject to value added tax when the subsidiary GIEK Kredittforsikring AS and GIEK share administrative expenses and for payments directly to the Belgian guarantee institute (OND) for work that OND performs for the Premium Group in OECD. The Board has requested that the Ministry reassess these questions.

Active participation in OECD's Export Credit Group, the Berne Union, the Paris Club, as well as Nordic cooperation and participation in other international forums, give GIEK a good overview of the developments in the international market for risk cover for export credits. The Board attaches importance to this work. Overall the international competitive situation remained unchanged in 2005 in the opinion of the Board.

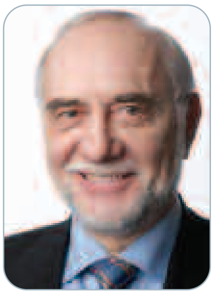
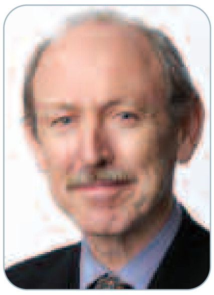
GENERAL GUARANTEE SCHEME

The General Guarantee Scheme's profit for the year totalled NOK 139 million, which was NOK 81 million more than in 2004.

BJØRN KALDHOL, CHAIRMAN OF THE BOARD
Chairman of the Board of the Regional Health Enterprise for Northern Norway. Chairman of the Board of GIEK Kredittforsikring AS. Various board positions in Norwegian companies and institutions. Former Managing Director of Troms Fylkes Dampskibselskap, TFDS. Member of GIEK's board since 1 January 1998. Took over as Chairman of the Board of GIEK on 1 April 2003.

ASBJØRN BIRKELAND
Managing Director of Data Invest AS in Bergen, an investment and holding company in electronics and telecommunications. Member of the board of Posten Norge AS. Former Group Managing Director of NERA ASA. Joined GIEK's board on 1 January 2005.

MARIANNE KARTUM
Attorney practicing with Vogt & Wiig Trondheim AS. Joined GIEK's board on 1 April 2003.


The operating profit increased by NOK 72 million to NOK 99 million, primarily as a result of the reduced provisions for losses on guarantee liabilities. The Board is very satisfied with the profit for the year, and it will be transferred in its entirety to equity.

The number of new applications, offers and policies increased in relation to the previous year, while the average size of the offers and policies declined significantly, and the average size of the applications increased somewhat. Cases with private buyers showed an increase in the overall amount, both for applications and offers, with a significant increase in the average amount.

The upswing in the offshore and shipbuilding industry accounts for a substantial part of the increase in private buyers. The figures for cases with political risk were influenced by a few extra-ordinarily large projects in 2004, and the figures for 2005 are more in line with the average for the preceding years.

Policies related to offshore and shipbuilding contracts account for half the new policy volume. Ships/rigs/marine equipment and services account for 39 per cent of GIEK's portfolio.

Two buyer's credit guarantees for the delivery of two supply vessels to the Russian company CJSC Sevmorneftegaz, with Gazprom as the guarantor, represented the largest of the new offshore/shipbuilding policies in 2005. The guarantee amount for the two vessels is NOK 672 million. This is one of the largest company risks in GIEK's portfolio.

No investment guarantees were issued in 2005, as opposed to 2004. Offers have been issued for a significant amount, and several of the applications received concern investments. GIEK has focused on making its counter-guarantee offer more well known, and the Board is satisfied with the fact that the cover of letters of credit represents ten per cent of the new guarantee liabilities.

GIEK has been building up a loss fund for the General Guarantee Scheme since its establishment in 1994. The fund is shown on the balance sheet as the sum of the equity plus provisions for losses on guarantee liabilities. At year-end the fund totalled NOK 987 million, NOK 67 million more than at the same time the year before. The fund represented 7.9 per cent of GIEK's outstanding liabilities at year-end. This ratio was 7.5 per cent at the end of the previous year. The Board considers this to be sufficient.

Claims expenses increased in 2005 to NOK 125 million from NOK 80 million in the previous year. A default case in Mexico is GIEK's largest claim with commercial risk. It concerns guarantees for loans that were granted to a Mexican telecom company with two of the world's largest mobile phone operators as owners. In cooperation with the guarantee beneficiary, GIEK is in the process of entering into a restructuring agreement with the company for payment of the outstanding amount, which consists of both overdue debt and debt not yet due. The increase in claims expenses in 2005 includes new cases concerning Brazil, Russia and the Dominican Republic. GIEK continues to pay large claims for defaults in Zimbabwe, which continues to default on all its loans. A claim case with a private buyer in South Africa has been settled.

All defaults are closely monitored to aviod losses, and the Board pays special attention to these loans when determining the provisions for losses on guarantee liabilities.

Recoveries for 2005 totalled NOK 22 million, which is three times the level of recent years. This is due to the fact that Pakistan has started to service its debt.

Due to the high volume of applications at year-end, the Board has notified the Ministry that the scope of the commitments may approach the exposure limit in one to three years.

DEVELOPING COUNTRY SCHEME

The Developing Country Scheme covers credits and investments in developing countries where the risk is regarded as too high for guarantees under the General Guarantee Scheme. To obtain such cover the export must go to a low-income country or to one of the least prosperous middle-income countries. The export must also have a development-promoting effect. GIEK's increased risk in the scheme is covered by a special primary capital fund.

The scheme's exposure limit is NOK 1.5 billion. In 2004, it was decided that the scheme should also have an additional limit, which was set at five times the amount on deposit in the primary capital fund. The exposure limit was approximately NOK 1,415 billion at year-end. Utilisation of the limit was NOK 1.425 billion at year-end (based on the year-end exchange rate).

The scheme's operating profit totalled NOK 1.5 million. The loss for the year was NOK 13.3 million, and it is attributed to the transfer of NOK 18 million at year-end to the primary capital fund, which is administered and accounted for by the Ministry of Trade and Industry.

On its establishment, deposits in the primary capital fund totalled NOK 300 million, and the deposits totalled NOK 283 million at year-end. This is NOK 18 million more than at the

RITA LEKANG
Trade Union Congress Secretary, Norwegian Federation of Trade Unions (LO). Various board positions, including Odin Forvaltning AS. Member of GIEK's board since 1 January 2001.

GISÈLE MARCHAND
Managing Director of the Norwegian Public Service Pension Fund. Vice chairman of the board of Innovasjon Norge, member of the boards of Norske Skog ASA, EDB Business Partner ASA and GIEK Kredittforsikring AS. Former Managing Director of the Bates advertising group. Various senior management positions at DnB. Joined GIEK's board on 1 April 2003.

same time the year before. The increase was achieved by the payment of a premium, as one of the offers became a policy at year-end. The primary capital fund is not included on the scheme's balance sheet, nor is accrued interest returned to the fund.

For a period of time in 2005 there was available capacity under the exposure limit to process new applications. One new offer was issued in 2005. At year-end seven applications for a total of NOK 926 million had been received. These cannot be processed since the scheme is fully utilised. Due to the high level of interest and the scheme's positive importance to exporters and buyers, the Board has proposed an in-crease of the exposure limit to NOK 3 billion.

CONSTRUCTION LOAN GUARANTEE SCHEME

The Construction Loan Guarantee Scheme was established on 1 January 2005. The loss for the first year of operation was NOK 1 million. There was no income in the scheme in 2005. The operating loss will be covered through a temporary loan from the General Guarantee Scheme until the scheme generates income itself.

Seven applications were received with a total liability of around NOK 700 million. All of the applications concerned the construction of vessels for offshore operations. Two offers were issued in 2005.

Guarantees may be provided within this scheme to the banks of Norwegian shipyards for up to 50 per cent of the risk moderation during the construction period. The exposure limit is NOK 2.5 billion. The Board would like to point out in this connection that individual projects may involve large amounts and use up a large portion of the total scheme.

TENDER GUARANTEE SCHEME

The Tender Guarantee Scheme is administered by GIEK and financed by Norfund. In 2005, which was the scheme's first full year of operation, a total of 30 applications were received. A total of 23 policies were issued, and five applications are under review. Four claim payment applications were processed for payment from Norfund.

The scheme moderates the risk for tenders in aid-financed projects. No premiums are paid. The guarantee will be paid if no part of the contract in question is won.

The maximum rate of coverage is 50 per cent of the total tender expenses, with an upper ceiling of NOK 250,000. The scheme has an exposure limit of NOK 10 million. There is still good capacity under the limit.

SCHEMES BEING WOUND UP

The operating profit for schemes in the process of being wound up was NOK 230 million. The loss for the year was NOK 34 million after the net transfer of NOK 365 million to the Treasury.

CIS/BALTIC STATES SCHEME

The schemes are in the process of being wound up. The last of the schemes was closed to new applications and offers in 2002. One offer remains in the scheme. The profit for the year was NOK 10 million. The total outstanding guarantee liability under the schemes is NOK 157 million with 17 policies. Russia paid NOK 40 million in advance on a moratorium receivable in 2005.

OLD PORTFOLIO

The portfolio consists of guarantees from several older defunct schemes from the period before GIEK's reorganisation in 1994. The activities under the Old Portfolio consist primarily of the collection of outstanding claims through the Paris Club.

Payments in advance and normal international debt agreement payments are responsible for the good operating profit. Peru prepaid old debt in 2005, and Poland's moratorium agreement is currently resulting in high payments. Combined the payments from these two countries totalled NOK 565 million (including interest and normal payments).

Claims in the Old Portfolio have been reduced by over NOK 1.1 billion in two years and were NOK 3.1 billion at year-end.

The claims are linked to a number of different debt relief accords, many of which are governed by complicated terms. The collection work still lays claim therefore to significant administrative resources in GIEK.

GIEK KREDITTFORSIKRING AS

GIEK's wholly owned subsidiary GIEK Kredittforsikring AS (GK) offers credit insurance with terms of less than two years and operates on a commercial basis in the market. The principal object of the company is to offer risk cover to small and medium-sized export businesses. This group accounted for 80 per cent of the customer base in 2005. This level remains stable.

The profit for the year after tax was NOK 4.5 million. NOK 1.97 million of this amount was declared as a dividend. The results in this fourth year of operation are deemed satisfactory.

Premium revenues were somewhat higher than budgeted and 6.5% higher than last year. Claims have been moderate, and the claims volume has been reduced further.

The risk outside the OECD area – so-called

SANDRA RIISE
Managing Director of the Norwegian Association of Registered Accountants. Member of the Board of GIEK Kredittforsikring AS. Former municipal executive in Andøy Municipality. Member of GIEK's board since 1 January 1999.

OTTO SØBERG
Executive Vice President/COO of Siemens AS. Former Vice Managing Director of Bravida. Various senior management positions at Kværner. Joined GIEK's board on 1 April 2003.

non-marketable risk – is reinsured by GIEK. In 2005 this reinsurance generated a net profit of NOK 5.27 million for GIEK. There were no net claims expenses for GIEK.
Exports to the new EU countries in Eastern Europe have been reinsured in the private reinsurance market from 2005.

ORGANISATION

Managing Director Erling Naper retired on 31 May. The Board thanks him for his substantial contribution as GIEK's top executive for 16 years. He led the restructuring of GIEK to establish a more modern operational structure, with the establishment of New GIEK in 1994 and the build-up of the new organisation to establish a competitive international export credit institute.

Wenche Nistad took over as the new Managing Director on 1 June. She has an MBA and extensive management experience from manufactoring and banking.

Asbjørn Birkeland took office as a new board member from 1 January. The Board met a total of 13 times in 2005.

At year-end GIEK had 39 staff members, 19 women and 20 men, totalling 37.6 full-time equivalents.

GIEK is a stable workplace with a low turn-over. Except for the retirement of the Managing Director, only one employee resigned and transferred to GK. Absence due to illness increased from 4.9 per cent in 2004 to 5.1 percent in 2005. There have been no injuries or accidents.

New ethical guidelines have been introduced for GIEK's own activities. All of the departments completed their own introductory programme in this connection.

The total administrative expenses were NOK 38.2 million, NOK 1.0 million less than the previous year. This was NOK 5.8 million less than the adopted budget, including costs for the establishment of the Construction Loan Guarantee Scheme. A significant reason for this underconsumption is the fact that changes to the new accounting and business system were postponed until 2006.

As part of the renewal of the financial management systems in the state administration, GIEK has worked on the introduction of new systems for management by objectives and results. These systems will be operative in 2006.

EQUAL OPPORTUNITIES

Four of the seven members of GIEK's Board are women. The Managing Director is a woman and the management team consists of three women and three men. Importance is attached to salary levels being gender neutral.

ENVIRONMENT

The social working environment is regarded as good. In 2005 our office facilities were renovated, so that GIEK's employees also have a good physical working environment. A new long-term lease was signed for the offices.

GIEK seeks to take environmental considerations into account in its own operations and in the processing of guarantee cases.

All guarantee cases are classified in one of three categories based on their assumed environmental impact in accordance with guidelines issued by the OECD. GIEK's own activities do not pollute the external environment.

FUTURE PROSPECTS

The Board views ensuring Norwegian exporters of efficient and competitive export guarantees as its principal task. In this work the Board will attach importance to maintaining the main features of the activities and adapting the guarantee offerings to the changing needs in the Norwegian business community and new trends in the international guarantee market.

Based on healthy principles for risk management and thorough feasibility studies, the Board will also attach importance to flexibility in guarantee work within the limits of the Articles of Association. The guarantees that were issued for sales to the Vietnamese shipyard Vinashin are an example of such flexibility. With these guarantees, GIEK became the first foreign guarantee institute to cover direct risk in a Vietnamese shipyard.

GIEK has intensified its information work. This work will continue. For the Board it is important to make the guarantee offerings known among new exporters and in industries where they have not yet been used.

Ship-related industries, such as shipyard services, ships equipment and offshore services, have been important industries in GIEK's portfolio for many years. With the upswing in the shipyard and offshore industries, the importance of these industries has grown, and the Board assumes that this trend will continue in 2006.

In accordance with the trend in the application volume, the Board also expects that the trend towards more projects with a commercial risk and fewer projects with a political risk will continue. Another clear trend is the fact that export deliveries increasingly consist of a Norwegian-based project management and

knowledge part and a foreign hardware part. The Board will actively adapt the guarantee activities to the export of such knowledge and other service sector industries.
The Board also expects that GIEK will become involved as a guarantor for a greater number of planned major investment projects abroad in 2006. The trend in the applications shows that more investors have become aware of the benefit of GIEK's guarantees for such projects.

The Board believes that the limit for the General Guarantee Scheme may be reached before long, and the need for a queue system may arise. There is therefore a need to increase the limits for both the General Guarantee Scheme and Developing Country Scheme. This will be followed up in the budget input to the Ministry.

The equity and provisions for future losses are adequate in the opinion of the Board to cover normal expected losses. The reserves beyond this, however, are quite modest.

31 December 2005

Oslo, 27 April 2006

Bjørn Kaldhol
Chairman

Asbjørn Birkeland

Marianne Kartum

Rita Lekang

Gisèle Marchand

Sandra Riise

Otto Søberg

Wenche Nistad
Managing Director

INCOME STATEMENT

NOK 1000s	Note	General Guarantee Scheme 2005	General Guarantee Scheme 2004	Developing Country Scheme 2005	Developing Country Scheme 2004	Construction Loan Guarantee Scheme 2005	Construction Loan Guarantee Scheme 2004	Schemes being wound up, Note 12 2005	Schemes being wound up, Note 12 2004
OPERATING INCOME									
Accrued premium	1	146 220	140 228	4 129	3 711	0	0	13 815	18 124
Income from moratorium agreements	2	18 969	20 805	8 862	7 126	0	0	138 151	216 487
GIEK's share of recoveries		4 753	4 028	0	0	0	0	2 112	2 533
Other income		763	218	0	0	0	0	0	0
TOTAL OPERATING INCOME		170 704	165 279	12 991	10 837	0	0	154 079	237 145
OPERATING COSTS									
Accrued claims expenses	3	-125 429	-79 801	-8 753	-11 657	0	0	81 330	-5 321
Change in provisions for guarantee liabilities	4	78 784	-41 547	366	26 198	0	0	563	36 493
Administrative expenses	5, 11	-24 985	-16 689	-3 091	-3 134	-1 068	0	-5 800	-10 461
TOTAL OPERATING COSTS		-71 630	-138 037	-11 478	11 407	-1 068	0	76 093	20 712
OPERATING PROFIT/LOSS		99 075	27 242	1 513	22 244	-1 068	0	230 171	257 857
FINANCIAL INCOME AND EXPENSES									
Interest income		15 491	11 736	105	25	0	0	19 244	12 971
Realised exchange rate gains/losses		-172	-924	-202	-22	0	0	-19	-14
Exchange rate gains/losses on unrealised receivables	6	8 049	-10 885	5 160	-3 919	0	0	80 350	-82 030
Exchange rate gains/losses on bank deposits		11 079	0	0	0	0	0		
Exchange rate gains/ losses on unrealised guarantee liability provisions		4 839	30 698	-1 853	5 405	0	0	1 023	2 843
Other financial items		2 000	1 997	-0	-0	0	0	-0	-0
NET FINANCIAL ITEMS		41 286	32 622	3 211	1 489	0	0	100 598	-66 231
PROFIT BEFORE TRANSFER TO/FROM STATE		140 361	59 864	4 723	23 733	-1 068	0	330 769	191 626
Public subsidies/Transfer to state	7	-1 599	-2 000	-18 000	12 000	0	0	-364 824	-411 000
PROFIT/LOSS FOR THE PERIOD		138 761	57 864	-13 277	35 733	-1 068	0	-34 054	-219 374

BALANCE SHEET

NOK 1000s	Note	General Guarantee Scheme 2005	General Guarantee Scheme 2004	Developing Country Scheme 2005	Developing Country Scheme 2004	Construction Loan Guarantee Scheme 2005	Construction Loan Guarantee Scheme 2004	Schemes being wound up, Note 12 2005	Schemes being wound up, Note 12 2004
FIXED ASSET INVESTMENTS									
Shares in subsidiaries	8	35 000	35 000	0	0	0	0	0	0
Total fixed asset investments		35 000	35 000	0	0	0	0	0	0
RECEIVABLES									
Debtors, claims payment	3	262 149	175 892	3 157	1 462	0	0	566 864	590 061
Provisions for losses on claims payment receivables	3	-182 152	-111 052	-445	-216	0	0	-305 341	-327 236
Debtors, moratorium agreements	2	199 845	181 562	69 881	56 522	0	0	2 821 908	3 324 530
Provisions for losses on moratorium receivables	3	-51 726	-48 761	-20 964	-16 957	0	0	-392 291	-467 660
Total net receivables – foreign		228 117	197 642	51 628	40 811	0	0	2 691 140	3 119 694
Receivables from Norwegian exporters		2	296	0	0	0	0	0	-300
Other receivables		1 302	495	0	591	0	0	0	784
Total receivables		229 421	198 433	51 628	41 402	0	0	2 691 140	3 120 179
					0	0			
Bank deposits		729 598	689 386	273	702	0	0	1 222 590	876 217
TOTAL ASSETS		994 019	922 819	51 901	42 104	0	0	3 913 730	3 996 396
EQUITY									
Equity 01.01		207 842	149 978	5 693	-30 040	0	0	2 257 805	2 477 179
Profit/loss for the year		138 761	57 864	-13 277	35 733	-1 068	0	-34 054	-219 374
Total equity	9	346 604	207 842	-7 584	5 693	-1 068	0	2 223 751	2 257 805
PROVISIONS									
Provisions for losses on guarantee liabilities	4	640 145	712 487	59 485	36 411	0	0	90 598	104 829
Provisions for value added tax	11	4 731	0	0	0	0	0		
LIABILITIES									
Debt plan, remainder to offset	10	0	0	0	0	0	0	1 599 381	1 633 762
Other liabilities		2 539	2 490	0	0	1 068	0	0	0
Total liabilities		2 539	2 490	0	0	1 068	0	1 599 381	1 633 762
TOTAL EQUITY AND LIABILITIES		994 019	922 819	51 901	42 104	0	0	3 913 730	3 996 396

31 December 2005

Oslo, 27 April 2006

Bjørn Kaldhol
Chairman

Åsbjørn Birkeland

Marianne Kartum

Rita Lekang

Gisèle Marchand

Sandra Riise

Otto Søberg

Wenche Nistad
Managing Director

NOTES TO THE ACCOUNTS

GENERAL ACCOUNTING PRINCIPLES

The annual accounts for the General Guarantee Scheme, Developing Country Scheme, Construction Loan Guarantee Scheme and guarantee schemes in the process of being wound up consist of an income statement, balance sheet and notes to the accounts. The annual accounts have been prepared in accordance with the principles found in the Norwegian Accounting Act whenever appropriate. The adaptations made are described in greater detail in the notes below.

The accounts for guarantee schemes in the process of being wound up have been consolidated, but the key figures for each scheme are presented in Note 12. This applies to the Old General Scheme, Old Special Schemes, CIS/Baltic States 1994-1998 and CIS/Baltic States 1999-2002.

Income and expenses are recorded as they are earned or incurred, with the exception of administrative expenses, which are recorded on a cash basis. Future losses on receivables and guarantee liabilities are calculated by a best-effort estimate and provisions are recorded in the income statement. The method used for calculating provisions is described in the note for the individual provision. Compensation is assumed for debt cancellations decided by the state.

Receivables, bank deposits and provisions in foreign currency are converted into Norwegian kroner in accordance with the current exchange rate principle. The bank converts all currency transactions at the rate in effect on the transaction date.

GIEK does not have any liquidity risk. GIEK issues guarantees on behalf of the Norwegian State.

CHANGES FROM LAST YEAR

Changes in the accounting principles:
In 2005 GIEK changed to translating provisions for guarantee liabilities in foreign currencies at the current exchange rate. Up to and including 2004, the provisions were translated at the exchange rate in effect on the date of the Storting's approval of the exposure limits and budget. This date was 15 December 2003 for the 2004 annual accounts.

Receivables from foreign debtors in a foreign currency are translated at the current exchange rate, while they were translated at the historical exchange rate on the date the receivable arose in earlier years. The comparative figures for 2004 have not been translated correspondingly.

Relevant exchange rates to assess the effect of the transition to the current exchange rate principle:

Currency	USD	EUR
Storting rate 2004	6,7007	8,1893
Storting rate 2005	6,1835	8,2386
Current rate 31 Dec 04	6,0797	8,2784
Current rate 31 Dec 05	6,7612	8,0201
Average historical rate used for receivables	7,0723	7,862

It was also decided in August 2005 that GIEK shall have bank accounts in currencies where the General Guarantee Scheme has significant exposure (over 10 per cent of the guarantee liabilities). Bank accounts were opened in USD and Euro, and the bank deposits were built up in 2005. From January 2006 the bank deposits will be adjusted quarterly so that the sum of the valued receivables and bank deposits in a currency are equal to the provisions for guarantee liabilities. This entails an indirect hedging of the financial currency risk from 2006, but it will not be accounted for as a hedging instrument.

Change in the presentation:
In the presentation of the accounts, we have consolidated the figures for the four guarantee schemes in the process of being wound up. Earlier we consolidated two and two of these schemes. The two CIS/Baltic States schemes were consolidated for reporting, and the Old General Scheme and Old Special Schemes were consolidated for reporting under the designation "Old Portfolio".

The presentation has otherwise been adapted after a review of the principles of the Norwegian Accounting Act "as they are found to be appropriate" for GIEK.

FOREIGN CURRENCY EXPOSURE

A summary of the exposure in currencies that represent more than 10 per cent of the guarantee liabilities at 31 December 2005 is provided below for the General Guarantee Scheme.

Amounts in units of 1000 in the relevant currencies	USD	EUR
Valued receivables	38.235	337
Bank deposits	31.733	15.916
Provisions for guarantee liabilities	- 64.866	- 15.660
TOTAL exposure	5.083	- 594

The scheme also has guarantee liabilities in AED, CAD, CHF, DKK, GBP and JPY, and receivables in AED, BRL, IDR, PLN and SGD.

CLOSELY RELATED PARTIES

GIEK owns a wholly-owned subsidiary, GIEK Kredittforsikring AS (GK). The following types of transactions take place between GIEK and GK:

1. *Reinsurance*. GIEK reinsures guarantee liabilities for GK on market-based terms that are renegotiated annually. GIEK receives a proportionate share of the guarantee premium and premium for excess loss (XL) cover. GK is paid for its work by a percentage of GIEK's guarantee premium, provided this exceeds an agreed annual minimum amount.

2. *Cost sharing*. GK pays its share of the joint costs such as office rent, accounting services, archival storage, IT costs, payroll, etc. Payments are made monthly based on the budget with an annual settlement based on the actual costs. Due to the value added tax on joint costs, see Note 11, it is probable that GK will organise its administrative work differently from 2006, so that the amount of shared costs is lower.

3. *IT-system*. GIEK and GK implemented a new accounting and business system for guarantee cases in 2004. GK pays its share of the development costs monthly, distributed over the estimated useful life of the system.

GIEK is a public enterprise under the Ministry of Trade and Industry (MTI). The following types of transactions take place between GIEK and MTI:

1. *Fund for Developing Country Scheme*. The Developing Country Scheme shall only have the liquidity necessary to meet short-term

needs, while the scheme's funds shall be in the primary capital fund that is administered by the Ministry of Trade and Industry (MTI). Funds are therefore transferred between MTI and GIEK as required to regulate the liquidity. Funds beyond a primary capital fund of NOK 300 million may be kept in the scheme's interest-bearing account with GIEK.

2. *Dividends*. Dividends from GK are transferred to MTI.

3. *Premium subsidies*. MTI pays premium subsidies for the CIS/Baltic States schemes, in addition to the guarantee premium that is paid by the customer. Only one guarantee case remains where the premium subsidies have not been accrued and received.

4. *Transfer of bank deposits*. For the Old General Scheme and Old Special Schemes annual transfers are made to MTI according to the size of the bank deposits in the preceding year.

1) PREMIUMS

Income relating to several accounting periods is accrued in relation to the remaining guarantee liability, which gives proportionately more income when the guarantee is new and the liability highest. Currency variations between the invoiced and paid premiums are recorded as realised currency gains/losses.

2) INCOME AND CLAIMS UNDER MORATORIUM AGREEMENTS

Moratorium agreements represent debt repayment agreements with 20 countries achieved through international creditor collaboration in the Paris Club. These receivables result from claims payments arising from political risk. The principal in new agreements is recorded in its entirety as income upon conclusion of the agreement, with the exception of forward items, which are taken to income when GIEK takes possession on the claim date. The income is otherwise affected by changes in current agreements, such as accrued contract interest, payment of penalty interest, consolidation of agreements, debt cancellation, realised currency gains/losses and floating interest rates.

Claims provisions are made for the portion of the moratorium receivables that is assumed to be unrecoverable when the accounts were closed. Standard rates for groups of countries are used to estimate the loss potential for the total receivables portfolio, but these rates can be overridden manually if we have information that allows us to make a better estimate. The country groups are based on the OECD's country classification system. Receivables that are included in the Debt Plan are valued at what compensation will be paid by the Ministry of Foreign Affairs when the Debt Plan is carried out. Changes in the provisions are recorded as claims expenses.

3) CLAIMS EXPENSES AND PROVISIONS FOR LOSSES ON RECEIVABLES AS A RESULT OF CLAIMS PAYMENTS

When paying a claim, GIEK takes over the exporter's claim against the debtor. This receivable is recorded on the balance sheet.

Provision is made for to the portion of the claim that is assumed to be unrecoverable when the accounts are closed. Standard rates for groups of countries and reasons for claims are used to estimate the recovery potential in the total receivables portfolio, but these rates can be overridden manually if we have information that allows us to make a better estimate.

The net change in receivables and provisions for losses on receivables from the previous period are recorded as a claims expense. The change in provisions for losses on moratorium receivables are also included in the claims expenses. Changes occur when GIEK:

- makes payments and achieves recovery under both old and new guarantees.
- writes off receivables.
- transfers receivables to moratorium agreements.
- Changes its estimate of the loss potential for specific guarantees or generally in relation to countries/groups of countries.

4) PROVISIONS FOR LOSSES ON GUARANTEE LIABILITIES

These provisions are intended to cover future losses on all registered guarantee liabilities at year-end, and they correspond to the best estimate of future losses. Provisions for known non-performance not yet covered by compensation are included in these provisions. Provisions are made for current guarantees based on a special calculation method where standard rates are supplemented with manual adjustment. The standard rates shall comprise around 80 per cent of the premium for a new corresponding guarantee. The premium varies according to the remaining credit period, type of buyer and country risk group. The country groups are based on the OECD's country classification system. In cases where a claim has been paid, the standard rate for provisions for receivables is used instead, see Note 3. If the standard rate system does not reflect the risk, the standard rates are manually adjusted up or down. This is especially relevant if a notice of default is received, deferred payment is sought, or for cases with commercial risk.

Changes in the provisions reflect both changes in guarantee liabilities and risk reassessment of countries/individual guarantees. No provisions are made for guarantee offers.

The provisions comprise prepaid premiums and changes in the provisions made in the income statement. The development of these items for the General Guarantee Scheme is illustrated in the table above in units of NOK 1000:

General Guarantee Scheme	2005	2004	Change from 2004
Prepaid premiums at 31 December	360.529	349.248	11.281
Increase in provisions in the income statement this year, including currency gains	- 83.623	10.849	- 94.492
Accumulated increase in the income statement from previous years	363.239	352.390	10.849
Guarantee liability provisions on the balance sheet at 31 December	**640.145**	**712.487**	**- 72.342**

5) SHARE OF ADMINISTRATIVE EXPENSES

GIEK's administrative expenses are recorded on a cash basis. They are distributed between the guarantee schemes and other schemes administered by GIEK in accordance with a distribution formula that is set annually so as to reflect the underlying workload. Provisions of NOK 4,731,000 for value added tax (see Note 11) have been recorded as administrative expenses for the General Guarantee Scheme in 2005.

GIEK's employees are members of the Norwegian Public Service Pension Fund. Future pension costs are not recorded because the accounts are kept on a cash basis.

The administrative expenses of NOK 42,889,000 include NOK 32,955,000 for GIEK's guarantee schemes and NOK 9,934,000 for other schemes.

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

Summary of GIEK's administrative expenses in 2005 in units of NOK 1000.

Type of expense	Amount
Wages and salaries	16,913
Fees	1,155
Other remunerations	76
National Insurance contributions	3,117
Pension contributions	1,748
Reimbursements	- 581
TOTAL payroll items	**22,428**
Operation of buildings	4,221
Expert assistance	3,201
Machinery and fixtures	2,914
Other operating expenses	5,394
Provisions for VAT	4,731
Total operating expenses	20,461
TOTAL payroll and operating expenses	**42,889**

Remunerations to the Board and Managing Director in 2005, in units of NOK 1000:

	Managing Director*	Board
Salary and fees	970	475
Pension contributions	75	0
Other benefits	5	0
Total	1.050	475

* The amounts refer to Erling Naper until 31 May and Wenche Nistad from 1 June.

6) UNREALISED CURRENCY GAINS/LOSSES ON RECEIVABLES

Receivables in foreign currencies are recorded in accordance with the current exchange rate principle. Changes in the value of the receivables due to currency fluctuations during the year are recorded as unrealised currency gains or losses. Realised currency gains or losses for moratorium receivables are recorded as income from moratorium agreements, see Note 2. Realised currency gains or losses for other receivables are recorded as claims expenses, see Note 3.

7) PUBLIC SUBSIDIES AND TRANSFERS TO THE GOVERNMENT

The General Guarantee Scheme forwards dividends received from GIEK Kredittforsikring AS to the Ministry of Trade and Industry (MTI). The amount has been NOK 2 million annually from 2001 to 2004. In 2005 the scheme received an appropriation of NOK 401,000 for the cost of granting interest-free deferred payment to Indonesia after the tsunami disaster.

The Old General Scheme and Old Special Schemes annually pay the Treasury the sum specified by the Storting, NOK 365 million for 2005. The accumulated transfers from 1999 total NOK 3,438 million. The Old General Scheme received an appropriation of NOK 12.7 million for 2005 for the loss of interest in connection with the prepayment of Peru's moratorium debt.

Beyond short-term needs, Developing Country Scheme funds shall be in the primary capital fund in the Ministry of Trade and Industry (MTI). The scheme regulates its liquidity by transferring to/from the fund. The requirement to transfer liquidity to the fund in MTI no longer applies from 2006 when the fund reaches NOK 300 million.

8) SHARES IN GIEK KREDITTFORSIKRING AS

GIEK has held shares in the wholly-owned subsidiary GIEK Kredittforsikring AS (GK) since 1 January 2001. The shares are valued at NOK 35 million, which corresponds to GK's equity when the company was formed. An annual write-down test is performed. Since the shares did not represent any cost to the General Guarantee Scheme, the amount was recorded as an equity contribution from MTI in 2001.

Company	GK AS
Number of shares	15.000
Nominal value	1.000
Book value at 31 Dec 2005	35.000.000
Ownership %	100%
GK's profit for the year 2005	4.504.036
GK's book equity 31 Dec 05	41.307.752

If the shares had been recorded in accordance with the equity method of accounting, the profit/loss of the subsidiary less dividends paid would have been added to the cost price, so that the value in GIEK's accounts would be equal to GK's equity. The transfer of dividends to MTI would have been deducted from GIEK's equity.

GIEK's and GK's accounts are not consolidated because GIEK is a public enterprise.

9) EQUITY

Equity comprises accumulated profit/loss. The Developing Country Scheme also has a primary capital fund of NOK 283 million (originally NOK 300 million) which is administered and accounted for by the Ministry of Trade and Industry.

10) DEBT PLAN

The Storting adopted the Norwegian Debt Plan in December 1997 together with the central government budget for 1998. It was updated in 2004. Under this plan GIEK's receivables from certain countries can be cancelled without new appropriations by setting them off against a certain limit. The debt plan was utilised as follows in 2005 (in units of NOK 1000):

	Old General Scheme	Old Special Scheme
Remaining debt plan allocation at 1 January	971.270	662.492
Swap agreement with Vietnam		30.316
Debt cancellation for Sierra Leone		2.555
Debt cancellation for Democratic Republic of Congo	1.510	
Remaining debt plan allocation at 31 December	969.760	629.621

11) PROVISIONS FOR VALUE ADDED TAX

In a letter of 14 December 2005 the Oslo County Tax Assessment Office concluded that GK's share of GIEK's administrative expenses is to be regarded as taxable services from GIEK to GK. Provisions of NOK 4.7 million have been made for value added tax for the period from 1 July 2001 to 31 December 2005.

In addition, the provisions contain an amount of NOK 84,000 that refers to a possible tax obligation for GIEK's share of the maintenance costs for OECD's minimum premium system. The maintenance work is performed by the Belgian Guarantee Institute.

12) KEY FIGURES FOR 2005 FOR SCHEMES BEING WOUND UP

Amounts in units of NOK 1000	Old General Scheme	Old Special Schemes	CIS/Baltic States 1994-1998	CIS/Baltic States 1999-2002	TOTAL
Operating income	113.610	33.385	5.086	1.997	154.079
Operating costs	-31.172	-44.798	-741	6.539	-70.171
Profit/loss for the year	- 103.048	59.752	12.595	- 3.353	-34.054
Valued receivables at 31 December	1.579.703	1.073.555	37.882	0	2.691.140
Provisions for guarantee liabilities at 31 December	81.437	0	1.504	7.656	90.598

TABLES

KEY FIGURES FOR DEVELOPING COUNTRY SCHEME (NOK 1000s)

DURING YEAR	2005	2004	2003
New applications	812 600	494 604	877 200
New offers	240 461	692 468	490 200
New liabilities covered	208 700	21 834	2 800
Premium income	4 129	3 711	3 984
Claims compensation	8 753	11 657	11 066
AT YEAR-END			
Outstanding offers	800 100	906 819	490 200
Outstanding guarantee liability	625 600	473 729	545 900
Provisions for losses on guarantee liabilities	59 485	36 411	70 415
Outstanding receivables	73 038	57 984	56 976
Provisions for losses on receivables	21 409	16 741	17 159
Operating profit/loss	1 513	22 244	22 776
Profit/loss for the year	-13 277	35 733	29 812

KEY FIGURES FOR OPERATIONS, CASH BASIS

NOK 1000, all schemes

Premiums	177 637
Recoveries	731 390
Claims	165 012
Transfers to Treasury	364 824

OUTSTANDING LIABILITY BY TYPE OF GUARANTEE

NOK million, all schemes

Bond guarantees	1 162,4
Special guarantees	26,0
Investment guarantees	885,0
Contract guarantees	22,0
Buyer's credit guarantees	11 829,0
Supplier's credit guarantees	148,8
Letter of credit policy	43,8
Total	14 116,9

DEVELOPING COUNTRY SCHEME

Liability by country in NOK 1000

Ghana	178,5
Albania	140,0
Nepal	108,9
Angola	55,5
Honduras	48,5
Macedonia	28,6
Bangladesh	18,6
Lesotho	14,5
Mozambique	6,6
Pakistan	6,2
Total	625,6

GIEK'S MANAGEMENT

MANAGING DIRECTOR
WENCHE NISTAD

Strategy and information work

GUARANTEE DEPARTMENT
Assistant managing director
ØYVIND AJER

Processes guarantee applications. Assesses the risk of deliveries, which entails, for example, evaluation of the buyer's creditworthiness, exporter's implementation capability, market risk and technology factors, and the value of securities placed. Responsible for customer contact and sales. The department has three teams based on the sectors of our clients: "Maritime Sector", "Telecom and Environmental Technology" and "Energy and Other Capital Goods".

DEPARTMENT FOR COUNTRY ASSESSMENT AND INTERNATIONAL RELATIONS
Assistant managing director
JOHAN E. MOWINCKEL

Banking and country risk assessment, international debt agreements, international cooperation and board secretariat.

LEGAL DEPARTMENT
Assistant managing director
LULLY C. HEJE

Defaults, claims, recoveries, development of policy terms, documentation, contract signature, depository, legal advisory services.

ECONOMY, ADMINISTRATION AND IT DEPARTMENT
Assistant managing director
INGER JOHANNE BJØRNSTAD

Personnel, IT, budget, accounts and general administration.

DIRECTOR
EDVARD STANG

Contact with public policy system, the Berne Union and Ministry of Trade and Industry.

GIEK GARANTI-INSTITUTTET FOR EKSPORTKREDITT

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