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*Wenche Nistad*

## GIEK in 2010: Records, risk and limited resources

**GIEK punches above its weight. With a mere 60 employees, we manage outstanding liabilities of 60 billion NOK.**

**Records:** For the first time in its history, GIEK's revenues from premiums and fees passed NOK 1 billion. This proves that there is a great need for our services, and that GIEK helps keep the wheels turning in Norway. Although GIEK is a government management company, we charge premiums and fees for issuing guarantees. The revenues are used to cover GIEK's operations (approx. NOK 70 million in 2010), but the majority of these means are placed in a fund which can be used in the event of claims settlements. GIEK breaks even in the long-term, and does not add costs to the state budget.

GIEK quantifies most things, including our contribution to society. We calculate that in 2010, NOK 50 billion worth of GIEK-backed exports were made from Norway. The previous year, the corresponding amount was NOK 30 billion. In 2010, we assumed new guarantee liabilities amounting to almost NOK 25 billion, compared with NOK 19 billion the previous year.

**Risk:** GIEK is meant to take risks. Our total outstanding liabilities amount to almost NOK 60 billion and our portfolio is characterised by limited variation in industries and sectors. GIEK reflects Norwegian trade and industry, and as a result, our portfolio has a bias towards the petroleum and maritime industries. Still, we have weathered a global financial crisis, with very few settlement payments. In total, NOK 31 million was paid out in 2010.

**Resources:** GIEK has important tasks to solve, and managing the portfolio is demanding. Our resources are limited, for instance in terms of staff, compared with the revenues we have generated and the size of our portfolio. This is largely where our future challenges lie.

We hope this brochure, and our website [www.giek.no](http://www.giek.no), will help you learn more about us and what we do. Happy reading, and please contact us if you are interested in more information.

*Wenche Nistad*  
*Managing director*



## GIEK's guarantee products

### Buyer Credit Guarantee

Covers the risk associated with individual deliveries of goods and services, and are normally furnished for long-term credits (over two years). GIEK guarantees repayment of the loan raised by the buyer to finance deliveries from a Norwegian exporter. GIEK can cover up to 90 per cent of the total credit amount for commercial risk and up to 100 per cent for political risk.

### Supplier Credit Guarantee

Covers the risk associated with individual deliveries of goods and services, and are normally furnished for short or medium-term credits (up to five years) and/or smaller credits. GIEK guarantees repayment of the credit a Norwegian exporter provides to the buyer. GIEK can cover up to 90 per cent of the total credit amount for commercial risk and up to 100 per cent for political risk.

### Pre-Shipment Guarantee

The Pre-Shipment Guarantee protects the exporter against losses that may occur during the production period prior to delivery if the contracts entered into are not performed or fulfilled by the buyer as a result of bankruptcy, insolvency or political events. GIEK can cover up to 90 per cent of the amount of risk for commercial risk and up to 100 per cent for political risk.

### Investment Guarantee

Covers political risk associated with Norwegian investments abroad. The guarantees can cover investments in the form of equity, loans, production equipment or other financial benefits for the establishment of an independent company or participation in a financial enterprise abroad. This guarantee scheme covers political risk only. The guarantee cover can be furnished over a period of up to 20 years for a maximum of 95 per cent. The guarantee can be adapted largely to the needs of the investor.

### Bond Guarantee

Helps the exporters furnish guarantees for tenders, advance payments or completion (bonds). The guarantees are normally furnished to the buyer by the exporter's bank, and GIEK can accept up to 50 per cent of the bank's risk.

### Building Loan Guarantee

The Building Loan Guarantee guarantees the repayment of loans made by construction loan banks to Norwegian shipyards in connection with the shipyard's financing of new vessels under construction. The intention of the scheme is to cover up to 50 per cent of the risk of the regular building loan banks.

### Tender Guarantee

Guarantee scheme for the recovery of expenses related to participation in international competitive tendering for development assistance-financed projects in developing countries that are entitled to loans from the World Bank. No premium is charged for Tender Guarantees.

### Letter of Credit

Letters of credit help secure quick payment for Norwegian exports. When a foreign bank has provided the buyer with a loan to pay for the Norwegian export, the exporter can ask his or her own bank to provide the payment for the delivery, and to cover the risk related to the foreign bank. In such cases, GIEK is able to offer up to 50 per cent risk coverage for the exporter's bank.

### Credit insurance

Protects the exporter against losses on short-term export credits (up to 720 days). Insurance is provided by GIEK's subsidiary GIEK Kredittforsikring AS.

Read more about our products and download our application forms at [www.giek.no](http://www.giek.no).



## Safe export with GIEK

GIEK guarantees for Norwegian companies' export credits on behalf of The Norwegian State. GIEK secures competitive terms for the industry and promotes the export of Norwegian goods and services and investment abroad.

### Commercial and political risk

GIEK can offer coverage for the export of most types of products and services to over 150 countries. The guarantees can cover single or multiple transactions, and commercial as well as political risk. Commercial risk means the risk of the buyer going bankrupt or failing to pay for other reasons. Political risk includes for instance war, expropriation and actions of the public authorities that prevent payment.

GIEK can offer coverage for the export of most types of products and services to over 150 countries.

The guarantees can cover single or multiple transactions, and commercial as well as political risk.

### Government guarantees make financing easier

GIEK's guarantees can be used as security for Norwegian and international banks and other financial institutions to facilitate funding. GIEK's guarantee terms and premiums largely follow the standards and rates applying to comparable guarantees internationally.

### GIEK in a nutshell



« In 2010, GIEK's mandate was extended. In addition to the building of ships, GIEK can now cover devices at sea, vessels under 100 gross tons and vessels without propulsion. Also, GIEK may now cover transactions that promote Norwegian interests, not just deliveries from Norway. »

## Income statement

All schemes

	General Guarantee Scheme		Developing Countries Scheme		Building Loan Scheme		Power Purchase Scheme		Schemes being wound up	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Amounts in 1000 NOK	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Accrued premium	753,003	449,662	12,475	12,134	20,015	21,595	0	0	4,387	5,279
Fees income	213,480	128,602	0	0	3,685	655	0	0	0	0
Net agio /disagio	6,317	33,693	2,291	8,232	0	0	0	0	7,079	-75,565
Net interest income	5,718	5,012	1,289	1,709	-180	-653	93	0	10,943	23,118
Dividends	1,964	1,964	0	0	0	0	0	0	0	0
Other income	2	10	0	0	0	0	0	0	0	0
<b>TOTAL INCOME</b>	<b>980,483</b>	<b>618,943</b>	<b>16,055</b>	<b>22,075</b>	<b>23,520</b>	<b>21,598</b>	<b>93</b>	<b>0</b>	<b>22,408</b>	<b>-47,168</b>
Administrative costs	50,671	37,527	3,430	4,697	9,705	7,332	3,722	0	4,305	4,124
Other operating costs	6,697	4,784	0	0	0	0	0	0	0	0
<b>TOTAL OPERATING COSTS</b>	<b>57,368</b>	<b>42,312</b>	<b>3,430</b>	<b>4,697</b>	<b>9,705</b>	<b>7,332</b>	<b>3,722</b>	<b>0</b>	<b>4,305</b>	<b>4,125</b>
<b>PROFIT BEFORE PROVISIONS FOR FUND</b>	<b>923,115</b>	<b>576,631</b>	<b>12,625</b>	<b>17,378</b>	<b>13,815</b>	<b>14,265</b>	<b>-3,629</b>	<b>0</b>	<b>18,103</b>	<b>-51,292</b>
Net change in provisions for guarantee liabilities	1,252,779	793,075	-4,285	10,682	-30,888	-37,016	0	0	-6,400	488
Net change in provisions for claims	-6,376	126,097	4,127	2,156	-9,038	38,691	0	0	-22,155	-26,609
<b>NET CHANGE IN PROVISIONS FOR FUND</b>	<b>1,246,402</b>	<b>919,172</b>	<b>-158</b>	<b>12,839</b>	<b>-39,925</b>	<b>1,676</b>	<b>0</b>	<b>0</b>	<b>-28,555</b>	<b>-26,121</b>
<b>PROFIT BEFORE TRANSFERS TO /FROM STATE</b>	<b>-323,287</b>	<b>-342,541</b>	<b>12,783</b>	<b>4,539</b>	<b>53,740</b>	<b>12,590</b>	<b>-3,629</b>	<b>0</b>	<b>46,658</b>	<b>-25,172</b>
Public subsidies /transfers to State	-1,964	-1,964	0	0	0	0	0	0	-390,800	-591,600
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>-325,250</b>	<b>-344,504</b>	<b>12,783</b>	<b>4,539</b>	<b>53,740</b>	<b>12,590</b>	<b>-3,629</b>	<b>0</b>	<b>-344,142</b>	<b>-616,772</b>
APPROPRIATION OF PROFIT / LOSS FOR THE YEAR										
Transfers to /from equity	-325,250	-344,504	12,783	4,539	53,740	12,590	-3,629	0	-344,142	-616,772

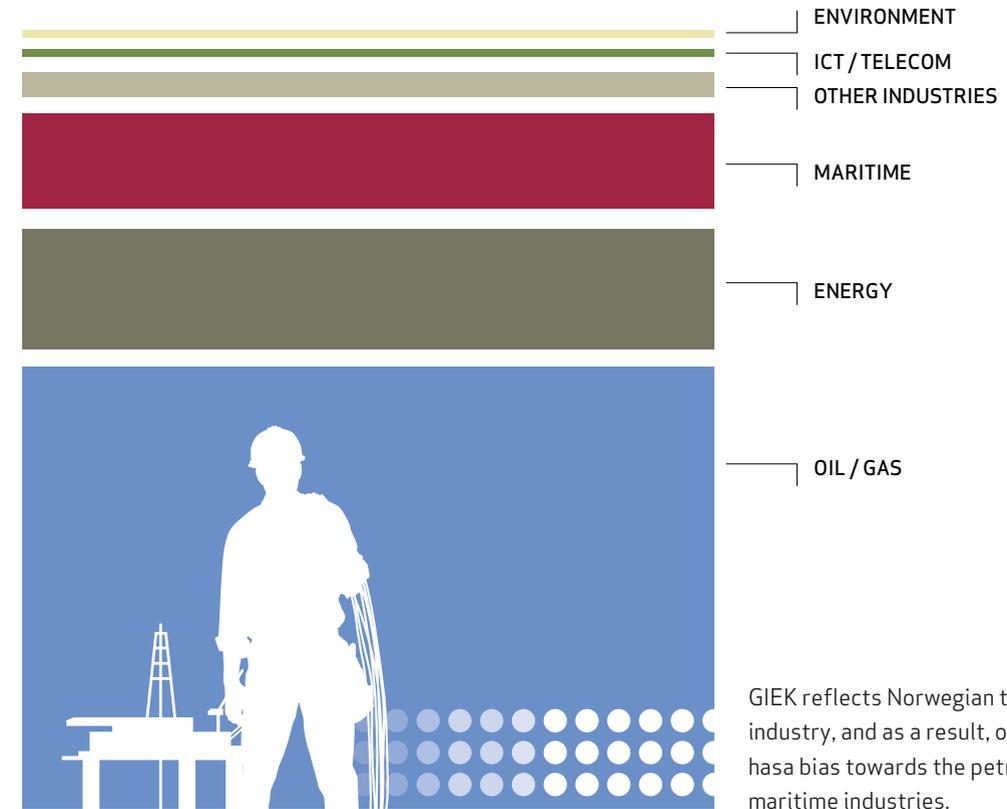
## Balance sheet

All schemes

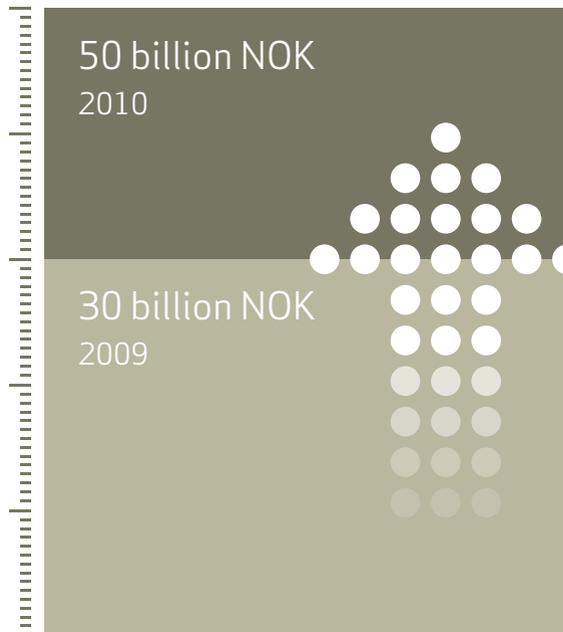
	General Guarantee Scheme		Developing Countries Scheme		Building Loan Scheme		Power Purchase Scheme		Schemes being wound up	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Amounts in 1000 NOK	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>FIXED ASSET INVESTMENTS</b>										
Shares in subsidiary	35,000	35,000	0	0	0	0	0	0	0	0
<b>TOTAL FIXED ASSET INVESTMENTS</b>	<b>35,000</b>	<b>35,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RECEIVABLES</b>										
Debtors, claims payment	302,281	365,836	12,403	10,005	30,822	133,824	0	0	474,976	532,040
Provisions for losses on claims payment receivables.	-226,774	-229,914	-10,074	-5,761	-29,903	-38,940	0	0	-232,704	-276,375
Debtors, moratorium agreements	137,598	141,245	34,231	34,613	0	0	0	0	646,959	659,142
Provisions for losses on moratorium receivables	-24,825	-27,129	-7,188	-7,269	0	0	0	0	-176,312	-184,875
Receivables, Norwegian exporters	6,081	6,057	114	83	185	185	0	0	0	0
Other receivables	162,020	45,861	0	0	1,692	1,404	0	0	0	0
<b>TOTAL RECEIVABLES</b>	<b>356,382</b>	<b>301,957</b>	<b>29,485</b>	<b>31,672</b>	<b>2,796</b>	<b>96,473</b>	<b>0</b>	<b>0</b>	<b>712,920</b>	<b>729,932</b>
Bank deposits	2,544,918	1,654,493	511,858	515,725	32,523	17,824	8,552	0	427,427	797,302
<b>TOTAL ASSETS</b>	<b>2,936,300</b>	<b>1,991,450</b>	<b>541,343</b>	<b>547,397</b>	<b>35,319</b>	<b>114,296</b>	<b>8,552</b>	<b>0</b>	<b>1,140,347</b>	<b>1,527,234</b>
<b>EQUITY</b>										
Equity 01/01	-375,941	-31,436	19,137	14,597	-49,175	-61,765	0	0	228,631	845,402
Paid in primary capital Developing Countries Scheme	0	0	450,000	450,000	0	0	0	0	0	0
Profit/loss for the year	-325,250	-344,504	12,783	4,539	53,740	12,590	-3,629	0	-344,142	-616,772
<b>TOTAL EQUITY</b>	<b>-701,191</b>	<b>-375,941</b>	<b>481,920</b>	<b>469,137</b>	<b>4,565</b>	<b>-49,175</b>	<b>-3,629</b>	<b>0</b>	<b>-115,511</b>	<b>228,631</b>
<b>PROVISIONS</b>										
Provisions for losses on guarantee liabilities	3,597,345	2,299,458	56,548	75,155	23,931	54,819	0	0	28,474	38,589
Provisions for VAT	3,597,345	2,299,458	56,548	75,155	23,931	54,819	0	0	28,474	38,589
<b>LIABILITIES</b>										
Debt plan, remainder to offset	0	0	0	0	0	0	0	0	1,224,287	1,258,676
Debt to Ministry of Trade and Industry	17	0	0	0	0	104,000	10,000	0	0	0
Other liabilities	40,129	67,932	2,875	3,106	6,823	4,652	2,181	0	3,096	1,338
<b>TOTAL LIABILITIES</b>	<b>40,146</b>	<b>67,932</b>	<b>2,875</b>	<b>3,106</b>	<b>6,823</b>	<b>108,652</b>	<b>12,181</b>	<b>0</b>	<b>1,227,384</b>	<b>1,260,014</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,936,300</b>	<b>1,991,450</b>	<b>541,343</b>	<b>547,397</b>	<b>35,319</b>	<b>114,296</b>	<b>8,552</b>	<b>0</b>	<b>1,140,347</b>	<b>1,527,234</b>



## Reflection of Norwegian trade and industry



GIEK reflects Norwegian trade and industry, and as a result, our portfolio has a bias towards the petroleum and maritime industries.



« We calculate that in 2010, NOK 50 billion worth of GIEK-backed exports were made from Norway. The previous year, the corresponding amount was NOK 30 billion. »



## KEY FIGURES

### General guarantee schemes

During year	2010		2009		2008		2007		2006	
	Number	MNOK	Number	MNOK	Number	MNOK	Number	MNOK	Number	MNOK
New applications	229	37 053	316	61 116	213	42 878	160	39 751	182	28 106
New offers	170	26 276	227	31 461	160	22 102	130	14 345	144	15 148
New policies/new liabilities	148	24 205	185	16 641	131	15 222	101	11 400	77	4 889
Guarantee premiums		753		450		215		171		146
Fees income		213		129		64		35		6
Claims expenses		83		141		12		88		-1
Recoveries		89		15		12		109		23

At year-end	2010		2009		2008		2007		2006	
Outstanding offers	77	18 400	74	20 929	58	12 608	66	11 625	77	15 303
Outstanding guarantee liabilities	354	57 194	345	40 683	315	37 946	295	21 332	271	14 089
Outstanding receivables		440		507		368		306		453
Provisions for losses on guarantee liabilities		3 597		2 299		1 767		769		582
Profit before provisions for fund		923		577		237		280		151
Profit/loss for the year		-325		-345		-506		-31		159
Equity		-701		-376		-31		475		506
Guarantee liabilities reinsured for GIEK Kredittforsikring AS		964		1 093		946		525		492
Outstanding liabilities including reinsurance for GIEK Kredittforsikring AS		58 158		41 776		38 892		21 857		14 581



### OUTSTANDING LIABILITIES BY INDUSTRY

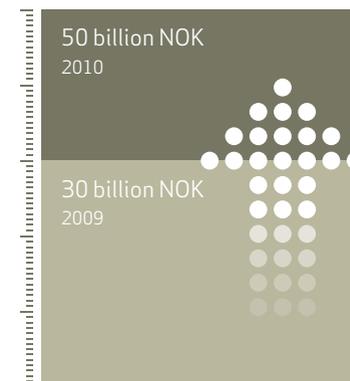
#### General Guarantee Scheme

Oil / gas	47 273 652
Energy	4 021 284
Maritime	3 994 584
Other industries	1 333 711
ICT / Telecom	307 774
Environment	262 554
<b>Total</b>	<b>57 193 559</b>

### OUTSTANDING LIABILITIES BY GUARANTEE PRODUCT

#### General Guarantee Scheme

Buyer Credit Guarantee	56 007 292
Bond Guarantee	429 937
Supplier Credit Guarantee	307 341
Letter of Credit	304 432
Investment Guarantee	129 116
Other	15 441
<b>Total</b>	<b>57 193 559</b>



### GENERAL GUARANTEE SCHEME

	Number	MNOK
New applications	229	37 053
New offers	170	26 276
New policies (new liabilities)	148	24 205
Outstanding offers	77	18 400
Outstanding guarantee liabilities	354	57 194

In 2010, NOK 50 billion worth of GIEK-backed exports were made from Norway. The previous year, the corresponding amount was NOK 30 billion.



### GENERAL GUARANTEE SCHEME

#### Outstanding liabilities by currency, in 1000 NOK.

USD	39 087 991
NOK	14 026 542
EUR	3 611 091
JPY	165 027
Other	302 909
<b>Total</b>	<b>57 193 559</b>

### **Additional information**

You can find complete information about GIEK on our homepage [www.giek.no](http://www.giek.no). Just click on "About GIEK" in the menu on the left hand side of the page. A complete annual report in Norwegian from the Board of Directors is available here for downloading.