



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2021

## 4 FINANCIAL INFORMATION 2021

### MEASUREMENT OF FAIR VALUES

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Level 2 and level 3 instruments		Level 3 instruments
	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Financial instrument measured at fair value</b>			
Interest rate swaps	Income approach – Present value technique	Not applicable	Not applicable
Forward currency contracts	Income approach – Present value technique	Not applicable	Not applicable
<b>Financial instrument not measured at fair value</b>			
Loans to joint ventures and associates	Income approach – Present value technique	<ul style="list-style-type: none"> <li>Forecast revenues</li> <li>Risk-adjusted discount rate (1%-7%)</li> </ul>	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the revenue was higher (lower)</li> <li>the risk-adjusted discount rate was lower (higher)</li> </ul>
Finance lease receivables	Income approach – Present value technique	<ul style="list-style-type: none"> <li>Forecast revenues</li> <li>Risk-adjusted discount rate (5%-9%)</li> </ul>	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the revenue was higher (lower)</li> <li>the risk-adjusted discount rate was lower (higher)</li> </ul>
Loans and borrowings	Income approach – Present value technique	Not applicable	Not applicable
Other long-term debt	Income approach – Present value technique	Not applicable	Not applicable

## DERIVATIVE ASSETS AND LIABILITIES DESIGNATED AS CASH FLOW HEDGES

The following table indicates the period in which the cash flows associated with the cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for interest rate swaps are estimated using the forward rates as at the reporting date.

### Cash flows

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31 December 2021</b>					
Interest rate swaps (USD LIBOR 3 Months)	(144)	(48)	(73)	(40)	(162)
Forward currency contracts	(80)	(24)	(16)	-	(41)
<b>31 December 2020</b>					
Interest rate swaps (USD LIBOR 3 Months)	(351)	(79)	(190)	(111)	(380)
Forward currency contracts	77	41	32	-	72

The following table indicates the period in which the cash flows hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

### Expected profit or loss impact

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31 December 2021</b>					
Interest rate swaps (USD LIBOR 3 Months)	(144)	(48)	(73)	(40)	(162)
Forward currency contracts	(80)	(24)	(16)	-	(41)
<b>31 December 2020</b>					
Interest rate swaps (USD LIBOR 3 Months)	(351)	(79)	(190)	(111)	(380)
Forward currency contracts	77	41	32	-	72

### Interest rate swaps

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts will be continuously released to the income statement until the final repayment of the hedged items (please refer to note 4.3.23 Equity Attributable to Shareholders).

### Forward currency contracts

Gains and losses recognized in the hedging reserve on forward currency contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. This is mainly within twelve months from the statement of financial position date unless the gain or loss is included in the initial amount recognized in the carrying amount of fixed assets, in which case recognition is over the lifetime of the asset. If the gain or loss is included in the initial amount recognized in the carrying amount of the cost incurred on construction contracts then the recognition is over time.