Annual Report 2020

Report from the Board of Directors and financial statements

Kredinor

The Board of Directors and the Report from the Board of Directors

Sverre Gjessing, Chair

Annicken Hjelle, Deputy Chair

Rune Strande, Board member

Sverre Michalsen, Board Member

Elisabeth A. E. Selvik, Board Member

Anne Gretland, Board member

Heidi Hagen Stensrud, Board Member

Sverre Olav Helsem, Board member

Bo Sven Sune Bakke, Alternate member

OPERATIONS

Kredinor SA is a member-owned cooperative that was established on 9 January 1905 as Kreditforeningen i Christiania. Below the Board presents the Society's 116th Annual Report.

Kredinor SA Group consists of the companies Kredinor SA, Kredinor Finans AS, Emendo Kapital AS, Kredinor A/S, Fair Pay Finance ApS (subsidiary of Kredinor A/S) and Kredinor AB and is established in Norway, Sweden and Denmark. Kredinor SA supplies solutions along the entire value chain, from invoicing and ledger administration to reminder services, debt collection and monitoring unpaid collection cases. Kredinor SA also provides legal advice and assistance through Advokatfellesskapet Bratsberg, which acts as the company's legal department. Kredinor SA has a separate department for debt collection abroad. The company offers debt collection and payment follow-up services for the energy, banking/finance, parking and telecom industries, the public sector, trade and industry in general. Kredinor Finans AS purchases receivables from customers who want to release capital. The Danish company (Kredinor A/S) and the Swedish company (Kredinor AB) offer debt collection services in their respective national markets. Debt collection is Kredinor SA's core activity and generates a significant share of the company's income.

Kredinor's CEO, Tor Berntsen, is the Chair of the European Collectors Association (ECA), The European Collectors Association has an exclusive membership of debt collection agencies from 28 member countries. Kredinor SA is the only Norwegian member of the ECA. Since 2020, Tor Berntsen has also been Chair of the Federation of Norwegian Enterprise's sector organisation Virke Inkasso. Kredinor SA is also affiliated with the Norwegian Cooperative Organisation, where Tor Berntsen has served on the Board since 2021.

Kredinor Finans AS is a financing company that engages in activities with the objective of purchasing overdue and non-overdue receivables. The company has significantly expanded its operations in recent years. The company offers portfolio purchase (ongoing purchases and one-off purchases) and financial factoring services. The company also offers the product Customer Account, which has been developed in collaboration with individual players in the energy industry.

THE DEBT COLLECTION MARKET

The number of debt collection cases received (incoming debt collection cases where a request for payment has been issued) reported to the Financial Supervisory Authority of Norway in 2020 was 4.3 per cent lower than in the previous year. In total, Norwegian debt collection agencies handled nearly six million cases in 2020 and processed 3.7 million reminders. Of this Kredinor SA was assigned just under 1.2 million debt collection cases and processed 835 thousand reminders. A total of 42 per cent of the cases were settled at the reminder stage. In 2020, Kredinor collected NOK 8.9 billion on behalf of its clients out of an industry-wide total of NOK 40.6 billion. At the end of the year, Kredinor SA had receivables under management for clients with a nominal value of NOK 25.7 billion, compared with an industry total of NOK 114 billion. Based on the number of debt collection cases, Kredinor SA has a market share of 19.3 per cent.

The debt collection industry is supervised by the Financial Supervisory Authority of Norway.
The Norwegian Financial Services Complaints Board (formerly the Norwegian Debt Collection Agencies' Complaints Board) deals with complaints concerning debt collection agencies' handling of cases with consumers.

In 2020, 122 complaints were submitted to the Financial Complaints Board relating to Kredinor SA. Sixty of the cases were dismissed by the secretariat or the committee chair. Thirty-five of the cases were further examined by the committee's secretariat, with the secretariat upholding the complaint in just two cases. Kredinor SA waived fees in twelve cases and seven cases were withdrawn by the complainant. Eight cases were submitted to a joint tribunal, which rejected three of the cases and upheld the complaints in one of the cases. The remaining four cases were found in Kredinor's favour.

At any one time, Kredinor SA has around 1 million to 1.3 million debt collection cases for collection. The proportion of tribunal decisions ruled against Kredinor in 2020 equated to 0.003 per thousand cases pending.

Tor Berntsen, CEO

Tor Berntsen

GOING CONCERN AND DECLARATION ON THE ANNUAL FINANCIAL STATEMENTS

At the reporting date, the Group comprised Kredinor SA, Kredinor Finans AS, Emendo Kapital AS, Kredinor AB, Kredinor A/S and Fair Pay Finance ApS (subsidiary of Kredinor A/S). In 2020, the Kredinor Group posted operating revenues of NOK 977 million, up 5.9 per cent on the previous year. Kredinor SA generated operating revenues of NOK 715 million, up 2.3 per cent on 2019. Consolidated operating expenses totalled NOK 700 million, up 1.6 per cent on the previous year. Kredinor SA had total operating expenses of NOK 585 million in 2020.

Total amortised goodwill of NOK 22.6 million was recognised in the Group in 2020 relating to the acquisition of Sopran AS in 2012, Christiania Innfordring AS in 2016, Købmandsstandens Inkasso Service A/S in 2017 and Kredinor AB in 2018. Goodwill from the acquisition of Kredinor AB has been written down from NOK 4.3 million to zero. In addition, the recognised value of Kredinor AB has been written down by NOK 18.2 million in the consolidated financial statements. The impairment loss has been recognised as a reduction in intangible assets in the consolidated financial statements.

Kredinor SA has written down its shareholding in Kredinor AB by NOK 20.8 million in 2020 following a revaluation of the shareholding. The shareholding in Kredinor AB was written down to zero as of 31 December 2020. Non-current and current receivables due to Kredinor SA from Kredinor AB have been written down by NOK 17.1 million at the reporting date.

At NOK 78.2 million, the consolidated net profit for the year was up NOK 46.2 million on 2019. Kredinor SA returned a net profit for the year of NOK 61.4 million. At the reporting date, the Group had net liquidity reserves of NOK 199 million, compared with NOK 164 million as of 31 December 2019. At the same date, the Group's equity ratio was 32 per cent and Kredinor SA's equity ratio was 31 per cent. Total consolidated assets amounted to NOK 2,169 million, up 6.2 per cent on 2019, while the comparative figure for Kredinor SA was NOK 2,038 million, up 4.0 per cent on 2019.

Kredinor SA's net cash flow from operating activities for 2020 closed on NOK 49 million, compared with NOK 319 million in the Group. The differences between the cash flow from operating activities and the operating profit of NOK 130 million in Kredinor SA and NOK 277 million in the Group are primarily attributable to tax paid in the period and other accruals and prepayments. The net cash flow from investing activities for the year in Kredinor SA of NOK 5 million relates to payments for the purchase of property, plant and equipment and intangible assets, and changes in financial investments. The consolidated net cash flow from investing activities of NOK 340 million primarily relates to payments for the purchase of portfolios in Kredinor Finans AS. The consolidated net cash flow from financing activities in 2020 totalled NOK 56 million. This cash flow relates in its entirety to new borrowings from credit institutions.

The parent company Kredinor SA's net cash flow from financing activities closed on NOK 46 million. This relates to proceeds from new borrowings from credit institutions, and payments of equity contributions and loans to subsidiaries.

In accordance with the Norwegian Accounting Act, the Board confirms that the company fulfils all the prerequisites necessary to continue as a going concern, and that the annual financial statements have been prepared on this basis. The Board confirms that the annual financial statements fairly present the Group's assets and liabilities, financial position and results.

Kredinor SA's net profit for the year of NOK 61.4 million and the net consolidated profit for the year of NOK 78.2 million have been recognised in other equity.

MEMBERS

At the reporting date, the Kredinor SA Cooperative had 1,559 members.
Membership of Kredinor SA provides a number of benefits, including legal assistance via web solutions and access to an international debt collection network. Members can also access updated professional information through courses, presentations and seminar activities arranged by Kredinor.

WORKING ENVIRONMENT, EQUALITY AND NON-DISCRIMINATION

As of 31 December 2020, Kredinor SA employed 404 full-time equivalents, compared with 449 as of 31 December 20120. At the same date, Kredinor Finans AS employed 2.35 full-time equivalents. The company purchases the bulk of its administration services from Kredinor SA. In total, 54.3 per cent of Kredinor SA's employees are women. In terms of total person-hours, 3.2 per cent of women and 2.6 per cent of men work on a part-time basis. Respectively 33 per cent of the management team 44 per cent of the Board of Directors are women. Women and men in the equivalent positions receive the same salary. The company actively and systematically works to promote the objectives of the Norwegian Anti-Discrimination Act, including through transparent recruitment processes, salary terms and working conditions. The company offers equal development opportunities and does not tolerate any kind of harassment or discrimination on grounds of nationality, skin colour, language, religion or belief.

Kredinor SA measures sickness absence. In 2020, the overall sickness absence rate closed on 4.6 per cent, down 1.7 per cent on 2019. Kredinor SA aims to reduce the sickness absence rate to less than 5 per cent. The company closely follows up employees who are absent due to illness, and is constantly developing measures and information initiatives. Kredinor SA has established a sports club, Kredinor GO, which facilitates physical activity and environmental measures. No work-related injuries or accidents were reported in the company in 2020.

Management, employees and employee representatives cooperate positively, both on day-to-day operations and through the Shop Committee (TU) and the Working Environment Committee (AMU). There are three employee-representatives on the Board.

All employees worked from home following the coronavirus outbreak in March 2020, and the Board would like to take this opportunity to thank all the company's employees for their highly appreciated efforts in 2020.

EXTERNAL ENVIRONMENT

Kredinor SA's sites in Oslo, Fredrikstad, Kristiansand, and Porsgrunn are certified as Eco-Lighthouses.

All operations take place from rented premises. Redundant computer equipment is delivered to authorised disposal companies. The company's offices in Oslo are energy- and environmentally friendly. All energy consumption is monitored, and all waste is source-sorted

RISK MANAGEMENT

Kredinor SA carries out an extensive risk assessment on a quarterly basis. The Compliance Officer has established a system that requires all departments to participate in risk identification and define risk-reducing measures to be implemented to reduce any risk.
The company has a dedicated risk and non-conformance management system.

FINANCIAL RISK

Kredinor SA continued to invest in portfolios through Kredinor Finans AS in 2020. As of 31 December 2020, Kredinor SA had two agreements to purchase portfolios through the latter company. These are being financed through a loan facility with DNB and Nordea, which means that the Group is exposed to risk relating to NIBOR. However, half the loan facility is hedged using interest hedging instruments.

ACCOUNTING POLICIES

Since 2020, Kredinor Finans AS has reported in accordance with the International Financial Reporting Standards for banks, credit institutions and financing companies. In Kredinor Finans' financial statements, all individual financial assets have been assessed as of 31 December 2020, in accordance with the principles of IFRS 9. Kredinor SA Group reports in accordance with generally accepted accounting principles and Regulations on Annual Financial Statements for Debt Collection Companies.

Differences in accounting policies applied in Kredinor Finans' annual financial statements and in the consolidated financial statements for 2020 give rise to temporary differences and deferred tax assets for the Group.

RESEARCH AND DEVELOPMENT

For the past two years, Kredinor SA has been part of the SkatteFUNN R&D tax incentive scheme through a wide-ranging modernisation programme to revitalise and innovate the company's core processes. The company also uses robots to perform repetitive operational tasks and has a dedicated process automation team.

OUTLOOK IN 2021

Third-party debt collection remains the Group's core activity. Kredinor Finans AS will continue to invest in portfolios in the Norwegian market in 2021 through two agreements for ongoing purchases. These agreements are within banking/finance, but the company also purchases claims from existing customers within energy and telecoms. Kredinor SA continuously strives to offer various solutions to new and existing customers with the aim of becoming a preferred and attractive service provider. Throughout 2020, the company worked on a new strategy and focused on commercial investments in the Norwegian market.

In Norway, in addition to the head office in Oslo, Kredinor has eight departmental offices spread across the regions East and West. The branch office in Hamar was closed and the employees were transferred to Oslo, while customer services have been centralised in Oslo. The company wishes to help develop high competence levels through professional development in the industry, and will also hold various courses and seminars for existing and new customers in 2021. Throughout 2020, all courses and seminars were conducted digitally. and will continue to be so in 2021 until the health authorities allow physical meetings to be resumed.

Kredinor SA works in a structured way to simplify processes and systems for both debtors and customers/clients. As part of the collection process, it is important for Kredinor to assist and arrive at different solutions for debtors through close dialogue by phone, chat and text message.

Kredinor SA is strengthening its product offerings for the energy industry, and has developed efficient and industry-adapted solutions for both closure and customer recovery. Kredinor Puls is a closing administration solution for AMS systems. The solution is intended to ensure that fewer facilities are closed down, and to enable those that are closed down to reopen as soon as payment has been made. Kredinor Care is a solution for recovering customers which is particularly suitable for disconnected/closed services, or services that require personal follow-up. To avoid stopping a service, whether electricity, broadband delivery or daycare services, it is important to reach out to the customer using all available contact points. Kredinor SA uses its own data warehouse and enrichment of all available public sources to help our clients return their end customer to normal payment frequency, or enter customised payment agreements.

Let's Pay is the latest addition to the product family, and is suitable for all industries that have a significant proportion of private individuals as customers. In-house developed technology is used to offer mobile payment solutions before the assignments are sent to Kredinor SA for follow-up. There is major interest in the product, and several customers were using the service just one month after its launch.

The company will continue to pursue its goal of helping establish sound economic frameworks for Norwegian businesses and to take pride in looking after the interests of our many member companies and customers of all sizes. The Kredinor SA Cooperative wishes to be the partner of the future for members and customers who conduct invoicing administration, ledger management, debt collection, legal assistance, analysis and training activities. The company has high ambitions for the future and is paving the way for further growth. To this end, Kredinor SA has now initiated a project to innovate and modernise its system structure, which is scheduled to last several years. It is important for the company to be proactive with regard to future customer needs, and to offer relevant value-added services for our customers and members.

There is uncertainty related to the content of the new debt collection law, which is expected to enter into force in 2022 or 2023. The Debt Collection Regulations were amended, effective October 2020, resulting in a reduction in the size of the fees and charges that can be imposed on debtors. The company is working on various measures to compensate for the loss of revenue this will entail.

The coronavirus pandemic dominated 2020 and Kredinor experienced a significant fall in the number of debt collection cases, but also found that debtors paid off more old debts. There are differing views within the debt collection industry on the level of payment defaults if and when the coronavirus pandemic eases. Some assume that consumption will increase significantly as society opens up, and that businesses will be able to offer goods and services in the same way as before the pandemic. So far, there are no signs of increased defaults in Norway, though this can by no means be ruled out in future.

Oslo, 25 March 2021
The Board of Directors of Kredinor SA

Sverre Gjessing
Board Chair

Annicken Hjelle
Deputy Chair

Rune Strande
Board member

Sverre Michalsen
Board member

Anne Gretland
Board member

Elisabeth A. E. Selvik
Board member

Heidi Hagen Stensrud
Board member

Sverre Olav Helsem
Board member

Bo Sven Sune Bakke
Alternate member

Tor Berntsen
CEO

Auditor’s report

Statsautoriserte revisorer
Ernst & Young AS

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UAVHENGIG REVISORS BERETNING

Til selskapsmøtet i Kredinor SA

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert årsregnskapet for Kredinor SA som består av selskapsregnskap og konsernregnskap. Selskapsregnskapet og konsernregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets og konsernets finansielle stilling per 31. desember 2020, og av deres resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet og konsernet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår uttalelse om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon, er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

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Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;
- vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde;
- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om konsernregnskapet. Vi er ansvarlige for å fastsette strategien for, samt å følge opp og gjennomføre konsernrevisjonen, og vi har et udelt ansvar for konklusjonen på revisjonen av konsernregnskapet.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift og forslaget til disponering av resultatet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering

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og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 26. mars 2021
ERNST & YOUNG AS

Revisjonsberetningen er signert elektronisk

Kjetil Rimstad
statsautorisert revisor

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Kjetil Rimstad
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Income statement

Parent company 2020	Parent company 2019	Amounts in NOK '000	Note	Group 2020	Group 2019
		OPERATING REVENUES AND EXPENSES			
642,500	631,780	Debt collection services	12	722,249	704,479
72,324	66,885	Other operating revenues	12	254,939	218,259
714,824	**698,665**	**Total operating revenues**		**977,188**	**922,738**
357,361	356,775	Salaries and payroll costs, etc.	10, 13	410,501	411,107
18,219	22,407	Depreciation/amortisation of operating assets and intangible assets	1, 2	38,596	40,972
0	0	Impairment of operating assets and intangible assets	3	22,535	0
209,691	207,761	Other operating expenses	13	228,063	236,596
585,271	**586,942**	**Total operating expenses**		**699,695**	**688,675**
129,554	**111,723**	**Operating profit**		**277,493**	**234,063**
		NET FINANCIAL INCOME (EXPENSE)			
55,047	53,651	Interest income from Group companies	6	0	0
599	1,637	Other interest income		1,099	2,715
1,350	8	Other financial income		1,563	25
20,812	29,666	Impairment of non-current financial assets	18	85,610	108,019
75,798	78,244	Other interest expenses	19	75,809	78,246
14	625	Other financial expenses		31	639
-39,628	**-53,240**	**Net financial items**		**–158,788**	**–184,163**
89,926	**58,483**	**Profit before tax on ordinary activities**		**118,705**	**49,900**
28,498	21,780	Tax on profit on ordinary activities	11	40,523	17,934
61,428	**36,703**	**Profit on ordinary activities**		**78,182**	**31,966**
61,428	**36,703**	**Profit for the year**		**78,182**	**31,966**
		TRANSFERS			
61,428	36,703	Transferred to other equity	9	78,182	31,966
61,428	**36,703**	**Total allocated**		**78,182**	**31,966**

Balance sheet

Parent company 2020	Parent company 2019	Amounts in NOK '000	Note	Group 2020	Group 2019
		ASSETS			
		NON-CURRENT ASSETS			
		Intangible assets			
0	0	Software	1	718	584
2,388	0	Deferred tax assets	11	21,845	3,272
9,397	16,651	Goodwill/Customer agreements	1, 3	25,816	52,722
11,785	**16,651**	**Total intangible assets**		**48,380**	**56,577**
		PROPERTY, PLANT AND EQUIPMENT			
4,934	5,086	Holiday properties	2	4,934	5,086
35,978	43,189	System development, office machinery, equipment, etc.	2	37,886	58,961
40,912	**48,274**	**Total property, plant and equipment**		**42,820**	**64,047**
		NON-CURRENT FINANCIAL ASSETS			
810,786	826,467	Investments in subsidiaries	3	0	0
916,088	879,306	Loans to Group companies	6	0	0
1,726,874	**1,705,774**	**Total financial operating assets**		**0**	**0**
1,779,571	**1,770,699**	**Total non-current assets**		**91,200**	**120,624**
		CURRENT ASSETS			
		Current assets			
27,143	21,791	Trade receivables	5	30,532	23,826
29,330	21,163	Other current receivables	5	32,481	24,903
89	137	Disbursements	5	6,218	5,695
72,110	57,061	Earned, non-invoiced, debt collection income	4	72,110	57,061
44,503	2,836	Group receivables	5, 6	0	0
0	0	Amortised loans	5, 18	1,724,389	1,633,413
0	0	Factoring lending	5	6,959	8,442
173,174	**102,988**	**Total receivables**		**1,872,689**	**1,753,340**
		INVESTMENTS			
6,190	4,726	Other market-based financial instruments	7, 10	6,190	4,726
6,190	**4,726**	**Total investments**		**6,190**	**4,726**
79,407	82,236	Bank deposits, cash and cash equivalents	8	199,142	164,074
258,771	**189,951**	**Total current assets**		**2,078,021**	**1,922,140**
2,038,342	**1,960,650**	**Total assets**		**2,169,221**	**2,042,764**

Balance sheet

Parent company 2020	Parent company 2019	Amounts in NOK '000	Note	Group 2020	Group 2019
		EQUITY AND LIABILITIES			
		Retained earnings			
625,708	564,530	Other equity		689,628	608,454
625,708	**564,530**	**Total retained earnings**		**689,628**	**608,454**
625,708	**564,530**	**Total equity**	9, 17	**689,628**	**608,454**
		LIABILITIES			
		Provisions			
2,201	692	Pension liabilities	10	2,201	692
0	596	Deferred tax	11	0	0
2,201	**1,287**	**Total provisions**		**2,201**	**692**
		Other non-current liabilities			
1,062,688	1,006,938	Liabilities due to credit institutions	19	1,062,688	1,006,938
1,062,688	**1,006,938**	**Total other non-current liabilities**		**1,062,688**	**1,006,938**
		CURRENT LIABILITIES			
53,043	52,952	Earned, not yet received, debt collection income	4	53,078	56,229
101,572	161,907	Liabilities due to credit institutions		101,572	161,907
24,616	32,988	Trade payables		28,968	38,960
33,330	20,433	Tax payable	11	60,126	20,759
39,597	33,988	Public taxes payable		46,791	37,438
675	117	Group liabilities	6	0	0
94,912	85,510	Other current liabilities		124,168	111,388
347,745	**387,895**	**Total current liabilities**		**414,704**	**426,681**
1,412,634	**1,396,120**	**Total liabilities**		**1,479,593**	**1,434,310**
2,038,342	**1,960,650**	**Total equity and liabilities**		**2,169,221**	**2,042,764**

Oslo, 25 March 2021
The Board of Directors of Kredinor SA

Sverre Gjessing
Board Chair

Annicken Hjelle
Deputy Chair

Rune Strande
Board member

Sverre Michalsen
Board member

Anne Gretland
Board member

Elisabeth A. E. Selvik
Board member

Heidi Hagen Stensrud
Board member

Sverre Olav Helsem
Board member

Bo Sven Sune Bakke
Alternate member

Tor Berntsen
CEO

Statement of cash flows

Parent company 2020	Parent company 2019		Group 2020	Group 2019
		Cash flow from operating activities		
89,926	58,483	Profit/loss before tax on ordinary activities	118,705	49,900
-18,516	-19,794	Tax paid for the period	-18,842	-33,365
39,031	52,073	Depreciation, amortisation and impairments	295,314	289,715
-70,186	13,140	Change in receivables and other income	-28,373	18,185
7,287	-64,331	Change in current liabilities	-51,344	-104,938
1,510	-3,149	Change in pension liabilities and provisions	1,510	-3,149
-318	-620	Change in other accruals and prepayments	2,104	-561
48,733	**35,802**	**Net cash flow from operating activities**	**319,075**	**215,787**
		Cash from financing activities		
-3,602	-11,454	Purchase of property, plant and equipment and intangible assets	-13,133	-18,942
0	0	Change in lending	-325,160	-445,502
-1,464	-1,156	Change in financial investments	-1,464	-1,156
-5,065	**-12,610**	**Net cash flow from investing activities**	**-339,756**	**-465,600**
		Cash flow from financing activities		
-4,584	321,907	Repayment of liabilities/New borrowings from credit institutions	55,750	321,907
-5,131	-23,206	Equity contributions in subsidiaries	0	0
-36,782	-226,110	Change in loans to subsidiaries	0	0
-46,497	**72,591**	**Net cash flow from financing activities**	**55,750**	**321,907**
-2,829	**95,783**	**Net change in cash and cash equivalents**	**35,069**	**72,094**
82,236	-13,547	Cash and cash equivalents 1 Jan	164,074	91,980
79,407	**82,236**	**Cash and cash equivalents 31 Dec**	**199,143**	**164,074**
		Cash and cash equivalents		
55,599	58,366	Unrestricted bank deposits and cash and cash equivalents	167,097	131,591
23,808	23,870	Restricted bank deposits	32,045	32,483
79,407	**82,236**	**Total**	**199,142**	**164,074**

Notes

Accounting policies

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles, regulations on annual financial statements etc. for debt collection businesses and regulations for annual financial statements in banking and finance companies as far as appropriate.

All figures are stated in NOK '000 unless otherwise indicated in the text.

Use of estimates

Preparation of financial statements in accordance with the Norwegian Accounting Act requires the use of estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas which make extensive use of discretionary judgements, involve a high degree of complexity, or areas where assumptions and estimates are material to the annual financial statements are described in the notes.

Shares in subsidiaries

Subsidiaries are companies over which the parent company exercises control, and thus a controlling influence over the entity's financial and operating strategy, normally through ownership of more than half of the voting rights.

The following companies were included in the scope of consolidation at the reporting date:

Kredinor SA (parent company)

Kredinor Finans AS (100%)

Emendo Kapital AS (100%)

Kredinor Danmark A/S (100%)

Kredinor Sverige AB (100%)

Fair Pay Finance ApS (wholly owned by Kredinor Danmark A/S)

Consolidation principles

Subsidiaries are consolidated from the date control is transferred to the Group (acquisition date). In the consolidated financial statements, the item shares in subsidiaries is replaced with the subsidiary's assets and liabilities. The consolidated financial statements are prepared as if the Group were a single economic entity. Transactions, unrealised profits and intercompany balances are eliminated on consolidation.

Acquired subsidiaries are recognised in the consolidated financial statements based on the parent company's cost. Cost is allocated to identifiable assets and liabilities in the subsidiary, and recognised in the consolidated financial statements at fair value at the time of acquisition. Any excess value that cannot be attributed to identifiable assets and liabilities is recognised as goodwill in the balance sheet. Goodwill is recognised as a residual in the balance sheet in the percentage observed in the acquisition transaction. Excess values are amortised over the expected life of the purchased assets in the consolidated financial statements.

Operating revenues

Fees, commissions etc. are recognised in income by allocating payments to cases, adjusted for any change in received, unearned debt collection income, and earned not yet received debt collection income. The size of these amounts depends on the size and recovery date. Income from financing activities derives from the financing of receivables and is recognised as the interest income accrues.

Other services (operating revenues) are recognised in income as they are performed/delivered.

Income from financing activities derives from the financing of receivables and is recognised as the interest income accrues.

Proceeds from the portfolio of amortised loans are recognised in income each year based on the effective interest rate method.

Classification of balance sheet items

Assets intended for permanent ownership or use are classified as non-current assets. Non-current assets are valued at cost, but are written down to fair value where impairments in value are not expected to be of a temporary nature. Non-current liabilities are recognised in the balance sheet at nominal value. Items falling due for payment within one year are classified as current assets or current liabilities. Other items are classified as non-current assets/non-current liabilities. Current assets are valued at the lower of cost and fair value. Current liabilities are recognised in the balance sheet at their nominal amount at the time liabilities are incurred.

Items of property, plant and equipment are recognised in the balance sheet and depreciated over their expected useful economic life if this is more than three years. Direct maintenance of operating assets is expensed on an ongoing basis, while upgrades or improvements are added to the cost of the operating asset and depreciated over the residual useful economic life.

Intangible assets and goodwill

Goodwill arising in connection with the acquisition of subsidiaries is amortised over its expected useful economic life.

System development

Development expenses are recognised in the balance sheet to the extent that a future financial benefit can be identified as deriving from the development of an identifiable intangible asset and the expenses can be reliably measured. Otherwise, costs are expensed on an ongoing basis. Development costs recognised in the balance sheet are amortised on a straight-line basis over their useful economic life. Only costs relating to externally developed systems are capitalised.

Property, plant and equipment

Land is not depreciated. Property, plant and equipment is recognised in the balance sheet and depreciated on a straight-line basis to its residual value over the operating assets'

expected useful economic lives. In the event of changes to the depreciation plan, the impact is distributed over the remaining period of depreciation ("break-even method"). Maintenance costs for operating assets are expensed on an ongoing basis. Upgrades and improvements are added to the cost of the operating asset and depreciated in line with the asset.

Leased operating assets are recognised in the balance sheet as operating assets if the lease is deemed to be a finance lease.

Other non-current investments in shares

Investments in other shares etc. are recognised using the cost method. Distributions are essentially recognised as financial income at the time the distribution is approved. Distributions that exceed the share of retained earnings after the purchase are recognised as a cost reduction.

Impairment of non-current assets

Impairment tests are performed if there are indications that the carrying amount of a non-current asset exceeds fair value. The test is performed for the lowest level of non-current assets at which independent cash flows can be identified. If the carrying amount is higher than both the sales value and recoverable amount (net present value of future use/ownership), the asset is written down to the higher of the sales value and the recoverable amount.

Previous impairments, with the exception of the impairment of goodwill, are reversed if the conditions causing the impairment are no longer present.

Collection cases under management/prepaid income

Collection cases under management are calculated in accordance with the Regulations on Annual Financial Statements etc. for Debt Collection Companies, established on 28 May 1999. Collection cases under management are measured using the degree of completion method, with no mark-up.

The calculation is based on direct production costs for cases under management as of 31 December, adjusted for the degree of completion and historic recovery rates.

Receivables

Trade receivables are recognised in the balance sheet at nominal value less a provision for expected losses. The provision for expected losses is estimated on the basis of an individual assessment of each receivable. In addition, a general provision is recognised for other expected losses.

Other receivables, both current assets and non-current assets, are recognised at the lower of nominal value and fair value. Fair value is the present value of expected future proceeds. However, when the effect of discounting is immaterial for accounting purposes, this is not recognised. Provisions for expected losses are estimated the same way as for trade receivables.

Purchased portfolios of outstanding receivables

Purchased portfolios consist of overdue outstanding receivables and are recognised as a financial asset.

A portfolio consists of a number of individual receivables with similar characteristics that are deemed to be uncertain. On acquisition, each portfolio is measured and recognised at fair value plus directly attributable transaction costs. In subsequent periods, loans are recognised at amortised cost applying the effective interest rate method.

Management estimates the future cash flow for portfolios based on the principal amount of the portfolio, previous recovery rates, age and type etc. It is assumed that the cash flows and the portfolio's expected useful economic life can be reliably calculated. Proceeds from the portfolio are recognised in income each year based on the effective interest rate. Losses are measured as the difference between the portfolio's amortised cost and the present value of estimated future cash flows discounted at the original effective interest rate. Calculated losses are recognised in the income statement. Receivables that are assigned for long-term monitoring are recognised as realised losses. Payments received for previously written off receivables are recognised against previously written-down losses.

Financial derivatives

Financial derivatives (interest rate swaps) are recognised in accordance with the rules for hedge accounting. The company has hedged future cash flows from interest payments using interest swaps as hedging instruments. The purpose of the hedging is to reduce the risk of fluctuations in interest expenses for non-current borrowings. Interest payments on non-current borrowings are hedged items. Interest payments and interest income are recognised net and presented on the accounting line "Other Interest expense". Realised and unrealised gains and losses on the hedging instrument are not recognised until the underlying hedged item affects the income statement.

Foreign currency

Receivables and payables denoted in foreign currency are valued at the exchange rate in effect at the balance sheet date. Exchange rate gains and losses are recognised in the income statement as financial income and financial expenses. Translation differences on consolidation of foreign group companies are recognised in other consolidated equity.

Client funds

In accordance with the Regulations on Annual Financial Statements for Debt Collection Companies, customer funds and the client liability for the debt collection and legal businesses are not recognised in the balance sheet.

Liabilities

With the exception of certain provisions, liabilities are recognised in the balance sheet at their nominal amount.

Pension costs and liabilities

Pension costs are recognised in accordance with the Accounting Standard for Pension Costs. The Group's employees who are covered by a collective wage agreement are included in the finance-industry's AFP plan.

Defined-contribution plans

For defined-contribution plans, the company pays contributions to an insurance company. The company has no further payment obligations once the contributions have been paid. Contributions are recognised as payroll expenses. Any prepaid contributions are recognised as an asset (pension assets) to the extent that a cash refund or a reduction in the future payments is possible.

Defined-benefit plans

A defined-benefit plan is a pension plan that is not a defined-contribution plan. A defined-benefit plan is normally a pension plan that defines the benefit an employee will receive on retirement. Pension payments are normally dependent on several factors such as age, number of years' service with the company and salary. The pension liability is calculated on an annual basis by an independent actuary using a linear earnings method.

In 2013, Kredinor SA decided to transfer all employees to a defined-contribution plan.

As part of the merger with the subsidiary Sopran AS, in 2014, Kredinor SA acquired a closed defined-benefit plan.

Taxes

The tax expense in the income statement comprises both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at prevailing tax rates based on temporary differences that exist between accounting and taxable values, as well as on any tax losses that are carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset. Deferred tax assets on net tax-reducing differences which have not been eliminated and tax losses carried forward are based on estimated future earnings. Deferred tax liabilities and deferred tax assets that can be recognised in the balance sheet are presented net.

Tax reductions on Group contributions paid and tax on Group contributions received that are recognised as a reduction of cost or directly in equity, are recognised directly against tax liabilities in the balance sheet (against tax payable if the Group contribution has affected tax payable and against deferred tax if the Group contribution has affected deferred tax) .

Deferred tax, both in the single-entity financial statements and consolidated financial statements, is recognised at nominal value

Statement of cash flows

The statement of cash flow has been prepared in accordance with the indirect method. Cash and cash equivalents include cash holdings and bank deposits.

NOTE 1 Intangible assets and goodwill

Parent company	**Goodwill/customer agreements**
All figures are stated in NOK '000 unless otherwise indicated in the text.	66,501
Additions	0
Disposals	0
Cost 31 Dec	66,501
Accumulated amortisation 31 Dec	57,105
Book value 31 Dec	**9,397**
Depreciation charge for the year	7,255
Estimated useful economic life	5–10 years
Amortisation method	Straight-line

Goodwill relating to the following acquisitions is amortised over more than five years:
In 2014, the subsidiary Sopran AS merged with the parent company Kredinor SA, and the amounts recognised in the consolidated financial statements were continued after the merger.

Goodwill/customer agreements from the acquisition of Sopran AS are deemed to have a useful economic life of ten years.

Group	**Software**	**Goodwill/customer agreements**	**TOTAL**
Cost 1 Jan	8,490	143,038	**151,528**
Additions	355	0	**355**
Disposals	0	0	**0**
Impairment losses	0	4,343	**4,343**
Cost 31 Dec	8,845	138,695	**147,540**
Accumulated amortisation 31 Dec	8,126	112,878	**121,005**
Book value 31 Dec	718	25,816	**26,534**
Amortisation charge for the year	220	22,562	**22,783**
Estimated useful economic life	7 years	5–10 years	
Amortisation method	Straight-line	Straight-line	

Note 2 Property, plant and equipment

Parent company	Facilities under construction	Holiday properties	System development, office machinery, equipment, vehicles etc.	Total
Cost 1 Jan	2,866	7,159	283,066	**293,091**
Additions	3,602	0	2,574	**6,175**
Disposals	2,574	0	0	**2,574**
Impairment losses	0	0	0	**0**
Cost 31 Dec	3,894	7,159	285,640	**296,693**
Accumulated depreciation 31 Dec	0	2,225	253,556	**255,781**
Book value 31 Dec	**3,894**	**4,934**	**32,084**	**40,912**
Depreciation charge for the year	0	152	10,813	**10,964**
Estimated useful economic life		30 years	3–5 years	
Depreciation method	Not depreciated	Straight-line	Straight-line	

Annual rent from operating assets not recognised in the balance sheet

Parent company	Lease term	Annual rent
Hire of premises – Oslo	Until 1 April 2023	NOK 21.6 million excl. VAT
Hire of premises – other	Under termination	NOK 10.0 million excl. VAT

Group	Facilities under construction	Holiday properties	System development, office machinery, equipment, vehicles etc.	Total
Cost 1 Jan	2,866	7,159	305,177	**315,202**
Additions	3,602		11,751	**15,352**
Disposals	2,574			**2,574**
Impairments			18,191	**18,191**
Cost 31 Dec	3,894	7,159	298,736	**309,789**
Accumulated depreciation 31 Dec	0	2,225	264,744	**266,969**
Book value 31 Dec	**3,894**	**4,934**	**33,992**	**42,820**
Depreciation charge for the year	0	152	15,662	**15,814**
Estimated useful economic life		30 years	3–5 years	
Depreciation method	Not depreciated	Straight-line	Straight-line	

Annual rent from operating assets not recognised in the balance sheet

Group	Lease term	Annual rent
Hire of premises – Norway	Until 1 April 2023/under termination	NOK 31.6 million excl. VAT
Hire of premises – Denmark	Under termination	NOK 1.7 million excl. VAT
Hire of premises – Sweden	Until 30 November 2022	NOK 4.1 million excl. VAT

NOTE 3 Investments in subsidiaries

Parent company
Investments in subsidiaries are recognised in accordance with the cost method.

Subsidiary	Registered office	Ownership/ voting rights	Equity last year (100%)	Profit/loss last year (100%)	Book value
Emendo Kapital AS	Oslo	100%	42	-	42
Kredinor Finans AS	Oslo	100%	885,467	74,824	735,681
Kredinor Danmark A/S	Ballerup, DK	100%	26,762	4,050	75,063
Kredinor Sverige AB	Stockholm, SE	100%	14,689	-9,409	0
Book value 31 Dec					**810,786**

The book value of the shares in Kredinor AB have been written down by NOK 20.8 million as of 31 December after the share items were tested for impairment and the fair value was found to be lower than the book value.

Group

Excess value analysis	Kredinor Danmark A/S	Kredinor Sverige AB
Book value on acquisition date	9,384	298
Attributable excess value	0	0
Goodwill	65,679	10,858
Cost	**75,063**	**11,156**
Impaired value goodwill	-	4,343
Non-amortised goodwill 31 Dec	16,420	-
Amortisation rate goodwill	20%	20%

NOTE 4 Work in progress

Debt collection cases under management are recognised in accordance with the degree of completion method with no mark-up in accordance with the Regulations on Annual Financial Statements for Debt Collection Companies. Estimated expenses for active cases are recognised against fees received for such cases.

Parent company			Group	
2020	**2019**		**2020**	**2019**
		Receivables		
72,110	57,061	Earned, non-invoiced, debt collection income	72,110	57,061
		Recognised in current liabilities		
53,043	52,952	Earned, not yet received, debt collection income	53,078	56,229

NOTE 5 Receivables

Parent company 2020	Parent company 2019	Trade receivables	Group 2020	Group 2019
29,122	23,241	Nominal value of trade receivables	33,263	25,409
-1,980	-1,451	Provision for expected losses on trade receivables	-2,731	-1,583
89	137	Disbursements	6,218	5,695
0	0	Amortised loans	1,724,389	1,633,413
0	0	Par value of factoring loans	9,900	11,263
0	0	Loss provision factoring	-2,941	-2,821
29,330	21,162	Other receivables	32,481	24,903
44,503	2,836	Receivables due from Group companies	0	0
101,064	**45,925**	**Receivables in balance sheet**	**1,800,579**	**1,696,279**

The provision for losses on receivables in the parent company is recognised based on an individual assessment of each receivable.
Trade receivables in the subsidiary Kredinor Finans AS relate to factoring with and are without recourse.
The finance lease agreements contain registered factoring mortgages.
For further details about amortised loans, see Note 18.

NOTE 6 Intragroup balances etc.

Parent company	Receivables that mature in more than one year 2020	Receivables that mature in more than one year 2019	Other current receivables 2020	Other current receivables 2019
Subsidiary				
Kredinor Finans AS	916,088	866,088	44,339	152
Kredinor Sverige AB	0	13,219	46	2,618
Kredinor Danmark A/S	0	0	0	8
Emendo Kapital AS	0	0	58	58
Total	**916,088**	**879,306**	**44,503**	**2,836**

Non-current receivables due from Kredinor Finans SA consist of several non-current loans with varying maturities.
The non-current loan to Kredinor AB has been written down from NOK 14.6 million to zero. The current loan to Kredinor AB has been written down from NOK 2.6 million to zero.
Interest is calculated on all loans in accordance with intercompany agreements. No security has been pledged for the loans.

Maturity profile non-current receivables due from subsidiaries

	0–5 years	> 5 years	Perpetual	Total
Loan amount	833,088	83,000	0	916,088

Parent company	Other current liabilities 2020	Other current liabilities 2019
Subsidiary		
Kredinor Finans AS	576	18
Emendo Kapital AS	99	99
Total	**675**	**117**

Transactions with Group companies

Parent company	2020	2019	
Kredinor Finans AS	54,399	52,642	Interest income
Kredinor Finans AS	27,877	25,608	Operating revenues
Kredinor Sverige AB	648	1,009	Interest income
Kredinor Sverige AB	22	106	Operating revenues
Kredinor Danmark A/S	265	176	Operating revenues

NOTE 7 Market-based investments

Funds	Number of shares	Share price	Cost	Market value	Book value 31 Dec
DNB Aktiv 10	1,504.4547	481.8908	228	725	725
DNB Aktiv 30	31,225.8987	175.0059	2,970	5,465	5,465
Total					**6,190**

The company has entered into a defined-contribution pension plan with the CEO.
To ensure that Kredinor has sufficient liquidity to satisfy its liabilities under the agreement, an agreement has been entered into to purchase shares (savings agreement) in the DnB Aktiv 10 and DNB Aktiv 30 hybrid funds see Note 10.

NOTE 8 Restricted bank deposits, client liability/client funds

Parent company			Group	
2020	**2019**	**Restricted bank deposits**	**2020**	**2019**
12,769	12,757	Rental deposits	20,508	20,507
11,039	11,113	Tax withholding funds	11,537	11,976
23,808	**23,870**	**Total**	**32,045**	**32,483**

Client funds
Client resources and the associated client liability for debt collection activities are recognised net in the balance sheet.
Bank deposits amount to NOK 114 thousand and the associated client liability to NOK 102 thousand.
Client funds and the associated client liability for the legal business are recognised net in the balance sheet in accordance with Section 3a (3) of the Regulations for Advocates. Bank deposits total NOK 503 thousand and the associated client liability totals NOK 501 thousand.

Note 9 Equity

Parent company	
Statement of changes in equity	
Equity 1 Jan	564,530
Net profit for the year	61,428
Other adjustments	–250
Equity 31 Dec	**625,708**

Group	
Statement of changes in equity for the year	
Equity 1 Jan	608,454
Net profit for the year	78,182
Other adjustments	–456
Translation differences	3,448
Equity 31 Dec	**689,628**

NOTE 10 Pensions

The company and the Group have a duty to provide an occupational pension plan in accordance with the Norwegian Act on Mandatory Occupational Pension Plans. The company and the Group's pension plans satisfy the requirements laid down in this legislation. The company and the Group operate defined-benefit plans, each covering 24 people. The company also has a contractual early retirement pension plan (AFP). The new AFP plan, which has been in force since 1 January 2011, is deemed to be a defined-benefit multi-enterprise plan, but is being recognised as a defined-contribution plan until sufficient reliable information exists to enable the Group to recognise its proportionate share of the pension cost, pension liability and pension assets under the plan. The company's AFP obligations have therefore not been recognised as a liability in the balance sheet.

The CEO has a supplementary pension plan for salary in excess of 12G. The liability relating to the defined-contribution pension plan is financed by annual payments into a pension savings plan in a bank until retirement age. The funded defined-contribution plan is disbursed at retirement age and over a period of ten years unless otherwise agreed.

Parent company Income statement	**2020**	**2019**
	Hedged	**Hedged**
Present value of accrued pension entitlements for the year	-	291
Interest expense on pension liabilities	341	458
Gross pension cost	341	749
Expected yield on pension assets	-595	-708
Administration costs/interest guarantees	35	58
Net pension cost, including administration costs	-219	99
Plan deviations/estimate changes recognised in the income statement	295	467
Employer's national insurance contributions	-31	14
Paid-in premiums	0	0
Net pension cost defined-benefit plan	**46**	**580**
Costs for AFP plan incl. employer's national insurance contributions	4,506	5,459
Costs for defined contribution plan incl. employer's national insurance contributions	20,824	16,202
Net pension cost	**25,377**	**22,241**

Balance sheet parent company	**2020**	**2019**
	Hedged	**Hedged**
Accrued pension liabilities 31 Dec	16,281	15,137
Estimated effect of future salary adjustments.	0	0
Estimated gross pension liability 31 Dec	16,281	15,137
Pension assets (market value) 31 Dec	18,114	15,978
Estimate deviations/plan changes not recognised in the income statement	–1,663	-2,695
Employer's national insurance contributions	–493	-499
Net pension liability/assets	–3,988	-4,034
Pension agreement DNB (additional agreement)	6,190	4,726
Pension liabilities recognised in the balance sheet	**2,201**	**691**

Consolidated income statement	**2020**	**2019**
	Hedged	**Hedged**
Present value of accrued pension entitlements for the year	-	291
Interest expense on pension liabilities	341	458
Gross pension cost	341	749
Expected yield on pension assets	-595	-708
Administration costs/interest guarantees	35	58
Net pension cost, including administration costs	-219	99
Plan deviations/estimate changes recognised in the income statement	295	467
Employer's national insurance contributions	-31	14
Paid-in premiums	0	0
Net pension cost defined-benefit plan	**46**	**580**
Costs for AFP plan incl. employer's national insurance contributions	4,506	5,459
Costs for defined-contribution plan incl. employer's national insurance contributions	24,831	18,091
Net pension cost	**29,384**	**24,130**

Consolidated balance sheet	2020	2019
	Hedged	Hedged
Accrued pension liabilities 31 Dec	16,281	15,137
Estimated effect of future salary adjustments.	0	0
Estimated gross pension liability 31 Dec	16,281	15,137
Pension assets (market value) 31 Dec	18,114	15,978
Estimate deviations/plan changes not recognised in the income statement	–1,663	-2,695
Employer's national insurance contributions	–493	-499
Net pension liability/assets	–3,988	-4,035
Pension agreement DNB (additional agreement)	6,190	4,726
Pension liabilities recognised in the balance sheet	**2,201**	**692**

Economic assumptions	2020	2019
Discount rate	1.70%	2.30%
Expected salary adjustment	2.25%	2.25%
Expected pension adjustment	1.24%	1.24 %
Expected adjustment in the National Insurance Scheme's Basic Amount (G)	2.00%	2.00%
Expected yield on pension assets	3.10%	3.80 %
Forecast utilisation AFP plan	100.00%	100%
Expected annual exits	0.00%	0.00 %

NOTE 11 Taxes

Breakdown of deferred tax liability/deferred tax asset

Parent company			Group	
2020	**2019**	**Temporary differences**	**2020**	**2019**
-8,267	2,858	Property, plant and equipment	-8,267	2,843
1,594	1,993	Gains and losses account	1,594	1,993
-1,980	-1,451	Receivables	-1,980	-1,451
0	0	Other temporary differences	193	364
0	0	Amortised loans	-88,668	0
-2,201	-692	Pension liabilities	-2,201	-692
-10,854	**2,708**	**Total temporary differences**	**-99,330**	**3,057**
0	0	Difference not included in the calculation of deferred tax	34	219
0	0	Tax losses carried forward	-36,405	-42,963
-10,854	**2,708**	**Basis for deferred tax**	**-135,701**	**-39,687**
-2,388	596	Deferred tax	-29,854	-8,731
0	0	Of which deferred tax assets not recognised in balance sheet*	8,009	5,459
-2,388	**596**	**Deferred tax liabilities in the balance sheet**	**-21,845**	**-3,272**

*non-recognised deferred tax assets relate to losses in Kredinor AB

Parent company			Group	
2020	**2019**		**2020**	**2019**
89,926	58,483	Profit before tax	118,705	49,900
47,317	39,529	Permanent differences	47,525	25,449
137,242	98,012	Basis of tax expense for the year	166,230	75,349
1,111	-8,994	Change in temporary differences income statement	89,980	44,463
138,353	89,017	**Basis for tax payable in the income statement**	256,089	119,812
0	0	Utilisation of tax losses carried forward	-15,970	0
138,353	**89,017**	**Basis for tax payable in the balance sheet**	**240,240**	**119,812**

Parent company 2020	Parent company 2019	Breakdown of tax expense	Group 2020	Group 2019
30,438	19,584	Tax payable on taxable income	52,853	26,359
0	0	Effect of change in tax rate	3,166	
984	849	Wealth tax payable	984	849
31,422	**20,433**	**Total tax payable**	**57,003**	**7,033**
-244	1,979	Change in deferred tax liabilities/deferred tax assets	-13,800	10,901
-2,680	-631	Under-/over-provision relating to previous years	-2,680	-20,175
28,498	**21,780**	**Tax expense**	**40,523**	**17,934**
		Reconciliation of the tax expense for the year		
89,926	58,483	Accounting profit for the year before tax	118,705	49,900
19,784	12,866	Estimated tax payable	26,115	10,978
28,498	21,780	Tax expense per income statement	40,523	17,934
8,714	**8,913**	**Difference**	**14,408**	**6,956**
		The difference breaks down as follows:		
10,410	8,696	22% of permanent differences	10,455	5,599
0	0	Deferred tax assets not recognised in the income statement	2,070	-479
0	0	Effect of change in tax rate	3,827	-476
984	849	Wealth tax	984	849
-2,680	-632	Under-/over-provision relating to previous years	-2,928	1,463
8,714	**8,913**	**Total reconciled difference**	**14,408**	**6,956**

Parent company 2020	Parent company 2019	Tax payable in the balance sheet:	2020	2019
30,438	19,584	Tax payable per tax expense	57,233	19,910
984	849	Wealth tax payable	984	849
31,422	20,433	Tax payable in the balance sheet 2020	58,217	0
1,909		Tax payable as a result of change in accruals and prepay-ments in previous years	1,909	0
33,330	**20,433**	**Tax payable in the balance sheet:**	**60,126**	**20,759**

NOTE 12 Operating revenues

Parent company 2020	Parent company 2019		Group 2020	Group 2019
642,500	631,780	Debt collection income	722,249	704,479
72,324	66,885	Other operating revenues	254,939	218,259
714,824	**698,665**	**Total**	**977,188**	**922,738**

Geographic breakdown	Group 2020	Group 2019
Norway	896,815	848,973
Sweden	26,026	21,154
Denmark	54,348	52,611
Total	**977,188**	**922,738**

NOTE 13 Salaries and payroll costs, number of employees, remuneration, employee loans, etc.

Salaries and payroll costs

Parent company 2020	Parent company 2019		Group 2020	Group 2019
278,999	275,791	Wages and salaries	321,470	326,812
38,628	46,392	Employer's national insurance contributions	42,261	46,765
25,377	22,241	Pension costs	29,383	24,130
14,357	12,351	Other benefits	17,386	13,399
357,361	**356,775**	**Total**	**410,501**	**411,106**
422	464	Full-time equivalents employed in the accounting year:	484	534

Remuneration paid to senior executives	CEO	Board of Directors
Fixed salary/Board fees	3,213	1,261
Bonuses	36	
Other benefits	16	
Severance packages	0	
Pension cost (see Note 10)		

No loans have been extended to, nor any security pledged on behalf of, employees, the CEO, the Board Chair or other related parties.

The performance-related bonus is paid to all Kredinor's employees based on the percentage of hours worked during the year. This bonus is not affected by absence or paid leave.
The performance-related bonus is based on 25 per cent of the operating profit, provided that the operating profit exceeds 5 per cent of operating revenues.

Auditors' fees	Parent company	Group
Statutory auditing (incl. technical assistance with annual financial statements)	1,046	2,739
Other certification services	54	54
Tax consultancy (incl. technical assistance with tax returns)	149	149
Other assistance	239	418
Total auditor's fees	**1,488**	**3,361**

NOTE 14 Transactions with related parties

Benefits paid to senior executives are discussed in Note 13, while other intercompany balances are detailed in Note 6.

NOTE 15 Collateral/guarantees

Parent company: Kredinor SA has pledged collateral representing 1/40 of the client liability, see sections 3-2 to 3-4 of the Debt Collection Regulations.
A surety has been pledged for one customer for up to NOK 5 million.

NOTE 16 Financial risk relating to financing activities

Credit and market risk: The Group's credit risk mainly relates to the Group's financing activities in the subsidiary Kredinor Finans AS. Credit risk is the risk that a customer will not be able to meet its payment obligations.
The Group considers the risk of losses in the existing portfolio to be normal*.
This is due to credit assessment procedures in connection with ongoing commitments, netting rights in the event of non-payment and good diversification of receivables.

The coronavirus pandemic could impact the company's credit risk in that the company's debtors may not be able to meet their credit obligations as they fall due. The ability of certain groups of debtors to pay was expected to be impaired as a result of lay-offs and/or reductions in income.The collection level for 2020 was better than expected, which supports analyses indicating that many people repaid old debts during the year. This suggests that the correlation between unemployment and collection rates for Kredinor Finans' portfolios may not be as strong as previously assumed.

Interest rate risk: Interest rate risk mainly relates to the subsidiary's financing activities.
Some lending is subject to variable interest rates. The interest rate is based on the daily NIBOR rate, with a three-month fixed-interest period. Interest rate risk relating to lending is therefore deemed to be normal.
The subsidiary is financed by loans from the parent company. The Group's surplus liquidity is placed in bank deposits and a limited number of interest-bearing funds. Interest rate risk relating to the company's funding is deemed to be normal.

Operational risk: Operational risk is prevented and regulated by documented internal processes, which are followed up by means of continuous risk assessments.

The subsidiary Kredinor Finans AS is subject to requirements for capital adequacy, where risk attaches to the company's ability to meet the capital adequacy requirements established by the Financial Supervisory Authority of Norway.
The company manages this risk by strengthening its equity through capital contributions from the parent company Kredinor SA.
As of 31 December, the company had a capital adequacy ratio of 23.9 per cent, compared with the minimum requirement of 14.5 per cent. The company's management has set an internal capital adequacy target, and at the end of the year the capital adequacy was 6.0 percentage points above this requirement.
See Note 17 for details of how capital adequacy is calculated.

The Ministry of Finance is engaged in ongoing consultation on changes to the EU's Capital Requirements Regulations for non-performing loans.
If the change is enacted in Norwegian law as outlined in the consultation memorandum, this will result in increased capital requirements for Kredinor Finans.
In effect, the change introduces a requirement to deduct common equity tier 1 capital (equity) for non-performing loans that are not sufficiently covered by write-downs. The new rules essentially apply to loans issued from and including 26 April 2019.
The company has sufficient capital to meet these requirements.

Kredinor Finans AS has committed to future purchases of non-performing loans through forward flow agreements (see Note 18).
The company is financed through the parent company, which in turn borrows money from credit institutions. Kredinor SA had a revolving credit facility with an available loan limit of NOK 233 million at the year-end that the company can utilise to meet its future obligations.
Risk also attaches to compliance with the covenants connected to loan agreements with credit institutions.
The covenants apply collectively to the Group. In the event of large losses and write-downs of portfolios, there is a particularly high risk of non-compliance with the loan to value (LTV) covenant, i.e. borrowing against the book value of portfolios.
The Group manages this risk through close follow-up and implements measures where necessary.

Liquidity risk: Liquidity risk is the risk that the Group will not be able to meet its payment obligations as they fall due.
Availability of liquidity is actively managed through liquidity planning and reporting on ongoing operations.
Overall liquidity risk is deemed to be low.

NOTE 17 Financing activities

The subsidiary Kredinor Finans AS finances financial factoring for a parking company. Kredinor Finance owns and purchases portfolios of overdue claims.
The company also provides receivable administration services.

Capital adequacy:	Weighting	2020	2019
Paid-up share capital		58,050	58,050
Share premium		678,662	678,662
Other equity		148,752	57,430
Subordinated loan capital		83,000	83,000
Subordinated capital		**968,464**	**877,142**

Capital adequacy is calculated as follows:	Weighting	2020	2019
Local and regional authorities	250%	0	9,981
Businesses	100%	1,471	20
Institutions	20%	11,399	4,175
Mass market	75%	3,196	6,438
Overdue commitments	150%	2,479,972	2,194,274
Overdue commitments	100%	162,042	170,564
Future obligations	150%	1,156,254	1,801,753
Calculation basis, operational risk	15%	240,031	169,775
Calculation basis, capital adequacy		**4,054,366**	**4,356,980**
Capital adequacy		23.9%	20.1 %
Regulatory requirements for capital adequacy		14.5 %	16.0 %

Income statement
Kredinor Finans recorded a profit after tax for 2020 of NOK 75 thousand. This equates to a return on equity after tax of 8.45 per cent.

NOTE 18 Amortised loans in the financing business

Purchased portfolios of overdue claims are recognised in the balance sheet at a price below nominal value, and write-downs are recognised for any impairment losses.

	2020	2019
Impairment losses 31 Dec	85,610	107,807

In subsequent periods loans are recognised at amortised cost applying the effective interest rate method. Payments into the portfolio are recognised as income on an ongoing basis. Losses are measured as the difference between the amortised cost of the portfolio and the present value of estimated future cash flows discounted at the original effective interest rate. Calculated losses are recognised in the income statement.

Purchased portfolios of outstanding receivables	2020	2019
Portfolio of outstanding receivables 1 Jan	1,633,413	1,436,442
Purchased portfolios of outstanding receivables	325,160	445,502
Payments into purchased portfolios	–345,320	-307,604
Revenue recognition according to the effective interest method	196,746	166,880
Write-down of portfolios	–85,610	-107,807
Portfolio of outstanding receivables 31 Dec	**1,724,389**	**1,633,413**

	2020	2019
Nominal value of the receivables in the portfolios, including accrued interest	5,139,059	4,471,437
Average internal rate of return (IRR) in portfolios:	10.8 %	10.8 %

Forward flow agreements
A forward flow (FF) agreement is an agreement that obliges the company to make future purchases of defaulted loans.
As of 31 December 2020, Kredinor Finans had entered into such agreements with two suppliers. The contracts mature in the period 2020–2023.
At the end of the year, the book value of purchased loans through FF agreements was NOK 793 million.

The company expects to pay NOK 339 million in 2021 to meet the obligations in the agreements.

NOTE 19 Liabilities due to credit institutions

The company has taken out a loan with DNB with a flexible drawdown facility with a ceiling of NOK 1.3 billion.
The interest rate is NIBOR plus 3.25–4.5 per cent depending on financial target figures.

As of 31 December 2020, the average interest rate was 5.44 per cent.

The company's loan facilities are subject to a number of financial covenants including relating to loan-to-values.
The company satisfied all its loan covenants at the reporting date.

Other interest-bearing liabilities of TNOK 1,062,688 have been recognised in the balance sheet. The amount is the net establishment cost of the loan facility.
The establishment cost is amortised over the loan term.

NOTE 20 Financial derivatives

In 2019, the company entered into interest rate swap agreements with a term of five years.
The table below shows outstanding interest rate swaps at the balance sheet date.

Contracting party	Foreign currency	Currency amount	Kredinor pays	Kredinor receives	Inception/Maturity	Market value
DNB	NOK	233,000	1.80 %	Nibor 3 months	21 Jan 2019 / 22 Jan 2024	-8,968
Nordea	NOK	233,000	1.80 %	Nibor 3 months	22.01.19 / 22.01.24	- 8,960
TOTAL		**466,000**				**- 17,929**

The company has acquired an interest swap agreement intended to ensure a fixed cash flow from interest payments (cash flow hedging). The purpose of the hedging is to reduce the risk of fluctuations in interest expenses for non-current borrowings. The loan matures on 15 April 2023 and the company intends to renegotiate the loan facility so that the hedging is effective throughout the term of the loan.