

Q4

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About Kreditor Finans

01

Report of 4th quarter 2024

Kreditor Finans AS is a subsidiary of Kreditor AS. The company's activities include portfolio purchases and portfolio management. The company buys debt collection services in Norway from the debt collector and parent company Kreditor AS.

Development in results and position

Kreditor Finans AS had revenues of MNOK 125.5 in the 4th quarter. Profit before tax in the 4th quarter amounts to MNOK 52.5. 4th quarter 2024 is influenced by a write-up of the portfolio values by MNOK 4.3 due to better-than-expected collection performance and change in ERC curve.

In the 4th quarter, the company has purchased portfolios of a total of MNOK 45.3.

The balance in Kreditor Finans AS at the end of the 4th quarter was MNOK 3 791, of which the total portfolio value amounts to NOK 3 732 million.

Capital adequacy

At the end of the 4th quarter, the group's own funds were MNOK 2 008. As of 31st of December 2024, total capital coverage was 45.4%, with 41.3 % core capital and 4.1% additional capital. At the end of the quarter, there is an excess of MNOK 1 236 in relation to the regulatory capital requirement, including the capital buffer requirement, and in relation to the core capital coverage there is an excess of MNOK 1 142.

Future prospects

Kreditor Finans AS has been invited to participate in several acquisition processes in Q4. Looking ahead, we anticipate an increase in market activity during Q1 2025, particularly from players who did not initiate processes in Q4. Traditionally, many processes start in Q1, with closing typically occurring in Q2, as financial institutions often aim to finalize transactions ahead of their half-yearly reporting.

Kreditor Finans remains well-positioned to capitalize on these opportunities, and we will continue to engage in processes to deliver on our financial objectives.

The financial statement has not been audited.

Financial statements

02

Consolidated income statement

Kredinor Finans AS

NOK thousand	Note	This period		Year to date	
		Q4 2024	Q4 2023	31.12.2024	31.12.2023
Interest revenue from purchased loan portfolios	4	119 817	130 221	499 815	535 262
Net gain/(loss) from purchased loan portfolios		4 261	31 546	50 066	-239 455
Other interest income		462	679	2 025	2 169
Other income		971	1 247	3 670	3 152
Total interest income and other income		125 511	163 694	555 576	301 128
Interest expenses to related parties		3 243	3 332	13 043	12 496
Interest expenses to group companies		25 129	33 818	121 897	144 343
Other financial expenses		64	129	237	449
Fees to court and bailiffs		24 254	30 656	63 658	60 863
Total interest expenses and other expenses		52 690	67 936	198 835	218 152
Net interest income		72 820	95 758	356 741	82 976
Net change in value and gain/loss on currency and financial derivatives		-	1	-7	-875
Net change in value and gain/loss		-	1	-7	-875
Net interest and other income		72 820	95 759	356 734	82 101
Personnel expenses		2 785	9 550	13 145	25 757
Depreciation and amortisation		245	2 664	18 457	10 824
Other operating expenses		17 316	4 655	83 363	93 722
Total operating expenses		20 346	16 869	114 965	130 303
Profit/(loss) before tax		52 474	78 890	241 769	-48 201
Income tax expense		24 973	23 782	24 973	23 782
Profit/(loss) after tax		27 501	55 108	216 796	-71 983

Consolidated statement of financial position

Kredinor Finans AS

NOK thousand	Note	Year to date	
		31.12.2024	31.12.2023
Cash and cash equivalents		36 918	60 227
Loans to and receivables from customers			
Loans to customers	4, 5	3 732 054	4 064 858
Total loans to and receivables from customers		3 732 054	4 064 858
Intangible assets			
Other intangible assets		-	18 226
Total intangible assets		-	18 226
Tangible assets			
Property, plant and equipment		487	1 337
Total tangible assets		487	1 337
Other assets			
Deferred tax assets		-	-
Other current assets		21 132	46 949
Deposit pension funds		89	-
Prepayments		323	481
Total other assets		21 543	47 430
Total assets		3 791 002	4 192 078

Consolidated statement of financial position

Kredinor Finans AS

NOK thousand	Year to date	
	31.12.2024	31.12.2023
Borrowings from credit institutions and financing companies		
Interest-bearing loans and borrowings group companies	5	1 255 000
Current borrowings group companies	5	241 443
Total borrowings from credit institutions and financing companies	1 496 443	1 944 260
Other debt		
Public taxes	598	1 195
Accounts payables and other current liabilities	83 403	83 337
Other current debt	35 467	130 072
Total other debt	119 469	214 605
Provisions		
Tax payable	2 997	-
Total provisions	2 997	-
Subordinated loan capital		
Subordinated loan capital	5	100 000
Total subordinated loan capital	100 000	100 000
Total liabilities	1 718 908	2 258 865
Paid in capital		
Issued capital	325 000	325 000
Share premium	639 392	639 392
Total paid in capital	964 392	964 392
Other equity		
Other equity	890 905	1 040 805
Result year to date	216 796	-71 983
Total other equity	1 107 702	968 821
Total equity	2 072 094	1 933 213
Total equity and liabilities	3 791 002	4 192 078

Consolidated statement of changes in equity

Kredinor Finans AS

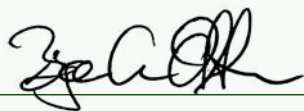
NOK thousand	Share capital	Share premium	Retained earnings	Total equity
Balances at 1 January 2024	325 000	639 392	968 821	1 933 213
Profit/loss for the period	-	-	216 796	216 796
Other comprehensive income/loss	-	-	-	-
Group contribution	-	-	-77 916	-77 916
Total comprehensive income/loss	-	-	138 881	138 881
Balances at 31 December 2024	325 000	639 392	1 107 702	2 072 094

NOK thousand	Share capital	Share premium	Retained earnings	Total equity
Balances at 1 January 2023	325 000	639 392	148 250	1 112 642
Profit/loss for the period	-	-	-71 983	-71 983
Other comprehensive income/loss	-	-	-	-
Total comprehensive income/loss	-	-	-71 983	-71 983
Merger	-	-	892 555	892 555
Balances at 31 December 2023	325 000	639 392	968 821	1 933 213

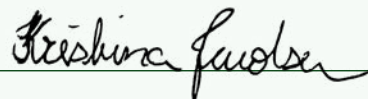
Board of Directors
Oslo, 31 January 2025



Rolf Eek-Johansen
Chairman of the Board



Bjørn Ove Ottosen
Board member



Kristina Jacobsen
Board member



Malin Petré Gustavi
Board member



Anmol Juneja
CEO

Notes to the financial statements

03

Note 1 Corporate information

Kreditor Finans AS (the “Company”) is a privately held company, 100% owned by Kreditor AS, and incorporated in Norway. The Company’s registered office is at Sjølyst plass 3, 0278 OSLO, Norway.

The financial statements has not been audited.

Note 2 Accounting policies

The quarterly financial statements for Kreditor Finans AS have been prepared in accordance with Regulation relating to annual accounts for banks, finance companies, etc (Forskrift om årsregnskap for banker, kredittforetak og finansieringsforetak) and IAS 34 Interim Financial Reporting as adopted by the EU.

Functional and presentation currency

Receivables and payables denominated in foreign currency are assessed at the exchange rate at the end of the quarter. Transactions in foreign currencies are translated at the exchange rate at the time of the transaction. The company’s functional currency is Norwegian kroner (NOK).

Purchased debt portfolios

Purchased loan portfolios consist of portfolios of non-performing loans and debt, purchased at prices significantly below nominal value. They are recognised at amortised cost using the effective interest rate method in accordance with the rules for loans and receivables pursuant to IFRS 9. All portfolios are classified as fixed assets on the balance sheet.

The effective interest rate method is a method for calculating the amortized cost of a financial asset and for allocating interest income to the income statement over the period in question. The effective interest rate is the interest rate which accurately discounts estimated future cash flows over the expected useful life of the financial instrument or, where relevant, a shorter period, to the carrying value of the financial asset.

When purchasing loan portfolios, the effective interest rate is provisionally calculated based on acquisition costs, including all transaction costs, and estimated future cash flows that include the nominal value of the receivable, late fees, accrued debt collection fees and late payment interest which, based on a probability assessment, is expected to be received from debtors.

Each portfolio is recognised on the balance sheet at cost, including all transaction costs, at the time of initial recognition. Interest income on purchased loan portfolios is accrued monthly in the income statement based on each portfolio’s effective interest rate.

Portfolios are defined as the lowest reliable level of aggregation of claims of a similar type or debt class. Each portfolio consists of a series of individual requirements. The portfolio is recognised as a unit for recognition of income, principal payments and adjustments resulting from re-estimated future cash flows.

The company also acquires portfolios under forward-flow agreements. Forward Flow deals are included as derivatives. In a forward-flow agreement, a contract is established for the purchase of debt at an agreed price as a percentage of nominal receivables, but where the amounts of debt are not fully known at the time of the agreement. Receivables under the forward-flow agreements are procured (delivered) monthly or quarterly.

Revenue recognition

Purchased debt portfolios:

The company income primarily derives from purchased portfolios recognised as income under IFRS9 Financial Instruments.

Factoring:

Kreditor Finans purchases not overdue impositions. The income consists of late payment interest. Late payment interest is recognised as income when they accrue. Income from factoring is recognised in accordance with IFRS 15.

Impairment financial instruments

Purchased debt portfolios:

The Company substantially purchases value-degraded loan portfolios at a significantly discounted rate, and impairments for credit losses are already included in the purchase. The expected credit loss for the purchased loan portfolios is therefore not explicitly recognised as a loss provision, as these financial assets are by definition credit impaired and the expected credit loss is part of the portfolio's amortised cost. The Company's exposure to credit risk from purchased loan portfolios relates to variances between actually recovered funds and recovery estimates, and from changes in estimates of future cash flows. Management regularly reviews the debt collection estimates for the individual portfolios and adjusts the estimates if the future expected amount differs from the current estimate over time. Revised collection estimates are discounted at the same internal rate of return as that calculated when the portfolio was acquired. Changes from the current estimate are adjusted against the book value of the portfolio and the adjustment is entered in the income statement under the accounting line "Net gain/(loss) from purchased loan portfolios". All portfolios are evaluated quarterly. Underperformance and portfolio write-downs reduce revenue. Overperformance and portfolio write-ups increase revenue.

Factoring:

In line with IFRS 9, write-downs on trade receivables are measured using an expected lifetime credit loss model (ECL). Expected credit losses are divided into 3 stages. A share within Step 1 does not entail a significant increase in credit risk from the date of recognition of the asset. Step 2 involves a significant increase in credit risk over the next 12 months and Step 3 implies that the asset is credit degraded. There is no single customer who represents a large proportion of the receivables and therefore constitutes a significant credit risk.

Stage 1 loss provision shows expected credit losses for the next 12 months during the term of the commitment. Loss provision for Step 2 shows expected credit losses over the entire term of the engagement. The loss provision is calculated after losses given default. The calculation is based on monetary loss and probability of loss occurring.

Note 3 Financial risk management

Credit risk

Kreditor Finans AS is exposed to risk related to expected earnings from underlying portfolios in the company, which will fall under the definition of credit risk. The Portfolio business area manages purchased portfolios of outstanding receivables (mainly acquired non-performing claims).

The ongoing valuation of the portfolios is based on expected future recovery of the non-performing receivables. The main part of the collection service is provided by the parent company Kreditor AS. The collection consists of establishing and maintaining disbursement collateral, payroll deductions and payment schemes. In this way, good follow-up of the company's receivables is ensured and the risk of loss associated with the business is reduced.

Market risk

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in market prices. Elements that influence market risk include fluctuations in exchange rates and interest rates.

Kreditor Finans primarily acquires portfolios consisting of overdue loans and credits aimed at the retail market in Norway financed through a combination of long-term and short-term loans in NOK. In this context, changes in market conditions, such as interest rates, could lead to higher market prices and reduced competitiveness for the Company, which could have an impact on both the company's results and its ability to grow.

Operational risk

Operational risk can be defined as the risk of loss as a result of inadequate or failing internal processes or systems, human error, or external events. The definition here also includes legal risk. Operational risk is currently documented in connection with work carried out in accordance with the Internal Control Regulations.

The company carries out processes to identify the main areas of operational risk before and after implemented measures. The work that is carried out is well suited to identifying areas in need for risk reducing measurements.

The methodology for quantifying the capital requirement for operational risk is based on the standard method in the Capital Adequacy Regulations.

Liquidity risk

Liquidity risk can be defined as the risk that the company will fail to meet its obligations and/or finance increases in its assets without incurring significant additional costs in the form of a fall in the price of assets that must be realised, or in the form of higher financing cost. Liquidity risk can be said to arise primarily as a result of unexpected declines in value or income fluctuations as a result of other types of risk or as a result of major external market disturbances. For Kreditor Finans AS, this liquidity risk is mainly linked to loans from the parent company.

Liquidity risk is on a par with board resolutions. The company's liquidity is satisfactory and any additional liquidity needs will be addressed by raising long-term loans from the parent company.

Currency risk

There is no currency risk, as all portfolios and liabilities are in NOK.

Strategic and business risk

Strategic and business risk is the risk of loss as a result of changes in external conditions beyond the company's control, such as regulatory conditions, failure in earnings and access to capital due to declining trust and reputation in the market.

Note 4 Purchased debt portfolios

NOK thousand	Year to date	
	31.12.2024	31.12.2023
Balance at the beginning of period	4 064 858	1 283 467
Acquisitions from merger	-	2 840 236
Acquisitions	106 257	763 951
Collection	-988 942	-1 121 153
Interest revenue from purchased loan portfolios	499 815	535 262
Net gains/loss from purchased loan portfolios	50 066	-239 455
Derivatives	-	2 404
Currency differences	-	145
Balance at the end of period	3 732 054	4 064 858

Note 5 Fair value of financial instruments to amortised cost

NOK thousand	Year to date			
	Book value 31.12.2024	Fair value 31.12.2024	Book value 31.12.2023	Fair value 31.12.2023
Assets				
Cash and cash equivalents	36 918	36 918	60 227	60 227
<i>Loans to and receivables from customers:</i>				
Loans to customers	3 732 054	3 592 854	4 064 858	3 803 193
Balance at the end of period	3 768 972	3 629 771	4 125 084	3 863 420

Fair value estimation of purchased loan portfolios

As of December 31, 2024, the post-tax weighted average cost of capital (WACC) for the portfolio segment is approximately 8.82% and for December 31, 2023 the post-tax weighted average cost of capital (WACC) for the portfolio segment is approximately 9.16%.

A sensitivity analysis of the cash flow projections is detailed in the accompanying tables.

2024 Fair value sensitivities - Norway

		Performance				
		90%	95%	100%	105%	110%
WACC 8.82%	6%	3 769 678 542	3 939 891 079	4 110 284 207	4 280 841 620	4 451 548 787
	7%	3 598 371 324	3 760 699 354	3 923 226 170	4 085 933 662	4 248 805 703
	8%	3 440 869 246	3 595 960 284	3 751 265 720	3 906 765 853	4 062 443 144
	9%	3 295 757 511	3 444 191 633	3 592 853 510	3 741 722 034	3 890 778 430
	10%	3 161 789 357	3 304 087 316	3 446 624 416	3 589 378 310	3 732 329 132
	11%	3 037 863 883	3 174 494 145	3 311 373 208	3 448 477 638	3 585 786 612
	12%	2 923 007 059	3 054 391 907	3 186 033 709	3 317 908 075	3 449 993 343

2023 Fair value sensitivities - Norway

		Performance				
		90%	95%	100%	105%	110%
WACC 9.16%	6%	3 993 513 634	4 173 445 868	4 353 589 542	4 533 926 191	4 714 439 348
	7%	3 811 257 089	3 982 807 857	4 154 589 651	4 326 582 121	4 498 767 126
	8%	3 643 707 255	3 807 566 571	3 971 673 729	4 136 006 710	4 300 545 900
	9%	3 489 358 757	3 646 144 814	3 803 193 106	3 960 480 141	4 117 985 007
	10%	3 346 884 605	3 497 152 403	3 647 694 708	3 798 486 733	3 949 506 421
	11%	3 215 112 722	3 359 361 546	3 503 895 295	3 648 688 039	3 793 716 716
	12%	3 093 005 823	3 231 685 741	3 370 659 376	3 509 899 795	3 649 383 055

NOK thousand	Year to date			
	Book value 31.12.2024	Fair value 31.12.2024	Book value 31.12.2023	Fair value 31.12.2023
Liabilities				
Long-term debt to related parties	100 000	100 000	100 000	100 000
Long-term debt to parent	1 255 000	1 255 000	1 741 000	1 741 000
Short-term debt to parent	241 443	241 443	203 260	203 260
Balance at the end of period	1 596 443	1 596 443	2 044 260	2 044 260

Long-term debt to related parties is a subordinated loan to Sparebank 1 Gruppen due on 18 March 2029 and terms of Nibor 6 months +8%.

Note 6 Capital adequacy

From 31 December 2023, the requirement for capital buffers in addition to the ordinary capital requirement has been increased from 8.0% to 9.5%.

This means that the core capital requirement including buffers is now 15.5% and that the total capital requirement now amounts to 17.5%.

NOK thousand	Year to date	
	31.12.2024	31.12.2023
Paid in share capital	325 000	325 000
Share premium	639 392	639 392
Other equity	1 107 702	968 821
Total equity	2 072 094	1 933 213
Write-down of common equity (back stop)	-244 585	-64 128
Goodwill and other intangible assets	-	-18 226
Net common equity	1 827 509	1 850 859
Additional capital to common equity	183 000	183 000
Total additional capital	183 000	183 000
Own funds	2 010 509	2 033 859
Total capital requirement for credit risk	300 989	342 577
Total capital requirement for operational risk	52 972	44 196
Capital requirement	353 961	386 773

NOK thousand	Year to date	
	31.12.2024	31.12.2023
Total capital ratio	45.4%	42.1%
Tier 1 capital ratio	41.3%	38.3%
Additional capital ratio	4.1%	3.8%
Total risk exposure amount	4 424 514	4 834 663
Surplus/deficit of total capital	1 656 548	1 647 086
Buffer capital requirements	420 329	459 293
Surplus/deficit of total capital including buffer requirements	1 236 219	1 187 793
Risk weight breakdown		
Total balance sheet exposure	3 791 002	4 192 078
Risk weight 20%	7 384	11 673
Risk weight 75%	3 221	2 448
Risk weight 100%	3 745 857	3 891 468
Risk weight 150%	5 898	283 361
Risk weight 250%	-	-
Off balance sheet exposures	-	93 265
Risk weighted exposure	3 762 360	4 282 215
Total operational risk	662 154	552 447
Total risk weighted exposure	4 424 514	4 834 662

Note 7 Ownership

Owner	No. of shares	Ownership
Kredinor AS	130 000	100%

Nominal value of Nok 2,500 per share. All shares give equal voting rights.

Note 8 Subsequent events

There has been no significant events subsequent to the reporting date.

