



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 917 763 399  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: NORWEGIAN MICROFINANCE  
INITIATIVE AS  
Forretningsadresse: c/o Nordic Microfinance Initiative  
Rosenkrantz' gate 22  
0160 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Ole Sandsbraaten  
Dato for fastsettelse av årsregnskapet: 29.04.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 15.06.2022



## Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	4	4 001 000	4 443 000
<b>Sum inntekter</b>		<b>4 001 000</b>	<b>4 443 000</b>
<b>Kostnader</b>			
Lønnskostnad	5	982 000	1 927 000
Annen driftskostnad		864 000	867 000
<b>Sum kostnader</b>		<b>1 846 000</b>	<b>2 794 000</b>
<b>Driftsresultat</b>		<b>2 155 000</b>	<b>1 649 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på andre investeringer			8 000 000
Annen finansinntekt		186 000	645 000
<b>Sum finansinntekter</b>		<b>186 000</b>	<b>8 645 000</b>
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	5	1 957 000	4 792 000
Annen finanskostnad		4 000	0
<b>Sum finanskostnader</b>		<b>1 961 000</b>	<b>4 792 000</b>
<b>Netto finans</b>		<b>-1 775 000</b>	<b>3 853 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Skattekostnad på ordinært resultat	8	440 000	533 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-60 000</b>	<b>4 969 000</b>
<b>Årsresultat</b>		<b>-60 000</b>	<b>4 969 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-60 000	4 969 000
<b>Sum overføringer og disponeringer</b>		<b>-60 000</b>	<b>4 969 000</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investeringer i aksjer og andeler	3	43 992 000	45 949 000
<b>Sum finansielle anleggsmidler</b>		<b>43 992 000</b>	<b>45 949 000</b>
<b>Sum anleggsmidler</b>		<b>43 992 000</b>	<b>45 949 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer		24 000	25 000
<b>Sum fordringer</b>		<b>24 000</b>	<b>25 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	9	62 856 000	61 558 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>62 856 000</b>	<b>61 558 000</b>
<b>Sum omløpsmidler</b>		<b>62 880 000</b>	<b>61 583 000</b>
<b>SUM EIENDELER</b>		<b>106 872 000</b>	<b>107 532 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	10	64 945 000	64 945 000
<b>Sum innskutt egenkapital</b>		<b>64 945 000</b>	<b>64 945 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		40 965 000	41 025 000
<b>Sum opptjent egenkapital</b>		<b>40 965 000</b>	<b>41 025 000</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>Sum egenkapital</b>		<b>105 910 000</b>	<b>105 970 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Betalbar skatt	8	443 000	1 205 000
Annen kortsiktig gjeld		519 000	357 000
<b>Sum kortsiktig gjeld</b>		<b>962 000</b>	<b>1 562 000</b>
<b>Sum gjeld</b>		<b>962 000</b>	<b>1 562 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>106 872 000</b>	<b>107 532 000</b>



NORWEGIAN  
MICROFINANCE  
INITIATIVE

Annual Financial Statements

Norwegian Microfinance Initiative AS

2020



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## DIRECTORS' REPORT FOR 2020

### General

Norwegian Microfinance Initiative AS was established in 2016 through a demerger of NMI AS and has a registered business address in Oslo.

The objective of the company is to be the general partner and portfolio manager for the limited partnerships NMI Global Fund KS and NMI Frontier Fund KS (NMI-Funds), which invests in microfinance institutions in developing countries.

The company's functional currency is NOK and the financial statements are prepared and recorded in NOK. The financial statements are prepared in accordance with IFRS.

### Personnel and the environment

The company employed one person at the end of 2020. The company promotes equality, ensures equal opportunities and rights, and prevents discrimination on the grounds of gender, ethnicity, nationality, age, heritage, language, religion or beliefs.

Employee absence in the company due to illness in the accounting period is negligible and the company has a good working environment. No personal injuries or accidents were reported during the accounting period.

The pollution of the external environment by the company is negligible.

### Comments on the annual financial statements

The company was established as a demerger of NMI AS effective as of 1 June 2016 for accounting purposes. As of 1 October 2016, the General partner entered into a fixed management fee arrangement with the Funds. The fees for NMI Global Fund and NMI Frontier Fund are 1,5% and 2% respectively and are based on the investment portfolio at the beginning of each year.

As part of efficient management of the Company, some services are purchased from Nordic Microfinance Initiative AS, with which the Company also is co-located.

The operating income of the company is reduced in 2020 due to lower management fees from the NMI funds and no paid dividend from the funds. The net loss for the year 2020 is NOK 60 thousand.

No subsequent events have occurred after the end of the financial year that are significant to an evaluation of the company unless presented in the annual financial statements and notes thereto.

The Company has ample liquidity to cover current and future liabilities. The Fund Manager is expecting to continue to exit investments in Global and Frontier Fund through 2021. This will lead to distributions from the Funds to its investors, including the General Partner.

In accordance with Section 3-3a of the Norwegian Accounting Act, it is confirmed that the prerequisites for continued operations have been met and the Financial Statements have been prepared on this assumption.

### Outlook

The investment activity in NMI Global Fund KS and NMI Frontier Fund KS is expected to focus on exit of investments in 2021 as the Funds are closed end funds ending 2018 with an option for 1+1 year extension. The investors have agreed to extend both the Global and Frontier Fund to October 2022. Revenue in the Company for 2021 will primarily come from management fees and is expected to be somewhat lower in 2021 compared to 2020.



The spread of COVID-19 virus will impact the valuation of the investment portfolio in 2021. At the point of issuing the Financial Statement, impact from Covid for certain regions are less prominent. Other regions and institutions are still facing issues. In the longer perspective, The Fund and Fund Manager will expect improved pricing on equity investments and will monitor and assess the situation on an ongoing basis and make necessary steps to support the investees when needed.

## Financial risk

### Overall objectives and strategy

The company is exposed to financial risk in various areas. The company focus on reducing the unwanted financial risk to the greatest extent possible as the Funds makes investments in different countries and through equity and debt instruments.

### Market risk

Currency risk is the most dominating of the various market risk factors faced by the company. The company has predominately NOK/USD exposure as the paid-in capital in NMI Funds are made in NOK, while the financial statements for the companies are prepared in USD. The company has not entered into forward contracts or other agreements in order to reduce the company's foreign exchange risk and thereby the operational market risk.

### Credit risk

The short-term credit risk is primarily related to the bankruptcy risk associated with bank deposits.

### Liquidity risk

The company considers the liquidity in the company to be good. However, the company's investment portfolio consists of investments in limited partnerships in closed end funds which has a limited ability to convert these investments into liquid assets prior to liquidation of the funds, as Norwegian Microfinance Initiative AS is the general partner of the funds.

## Allocation of profit/(loss) for the year

The financial statements for 2020 show a loss of NOK 60 thousand which has been allocated as follows:

Allocated to retained earnings	NOK	60 thousand
Total allocations	NOK	60 thousand

Oslo, 13 April 2020

Bjarne Kveim Lie  
Chairman of the Board

Erik Sandersen  
Board Member

Heidi Finskas  
Board Member

Christian Halvorsen  
Alternate to Johan H. Andresen  
Board Member

Arthur Sletteberg  
Managing Director



## Norwegian Microfinance Initiative AS

Income Statement for the period		01.01-31.12	01.01 - 31.12
Income Statement	Note	2020	2019
<i>All amounts in NOK thousands</i>			
<b>Revenues</b>			
Management fees	4	4,001	4,443
		<u>4,001</u>	<u>4,443</u>
<b>Expenses</b>			
Payroll costs	5	-982	-1,927
Other operating expenses		-864	-866
		<u>-1,845</u>	<u>-2,793</u>
<b>Operating profit/(loss)</b>		<u>2,155</u>	<u>1,649</u>
Received dividend			8,000
Net gain/(loss) on financial assets at fair value through profit or loss	3	-1,957	-4,792
Interest income		186	644
Interest expenses		-4	-
<b>Net financial items</b>	6	<u>-1,775</u>	<u>3,852</u>
<b>Profit/(loss) before income tax</b>		<u>381</u>	<u>5,501</u>
Income tax expense	8	-440	-533
<b>Profit/(loss) for the year</b>		<u>-60</u>	<u>4,969</u>
			-
<b>Other income</b>		-	-
			-
<b>Total Comprehensive income</b>		<u>-60</u>	<u>4,969</u>



## Norwegian Microfinance Initiative AS

### Financial Position

Assets	Note	31.12.2020	31.12.2019
<i>All amounts in NOK thousands</i>			
<b>Non-current assets</b>			
Financial assets			
At fair value through profit or loss	3	43 992	45 949
		<u>43 992</u>	<u>45 949</u>
<b>Current assets</b>			
Trade and other receivables		24	25
Cash and cash equivalents	9	62 856	61 558
		<u>62 880</u>	<u>61 583</u>
<b>Total assets</b>		<b><u>106 872</u></b>	<b><u>107 532</u></b>

Equity and liabilities	Note	31.12.2020	31.12.2019
<i>All amounts in NOK thousands</i>			
<b>Equity</b>			
Share capital	10	64 945	64 945
Other reserves		40 965	41 025
		<u>105 910</u>	<u>105 970</u>
<b>Current liabilities</b>			
Tax payable	8	443	1 205
Trade payables and other payable liabilities		519	357
		<u>962</u>	<u>1 562</u>
<b>Total liabilities</b>		<b><u>962</u></b>	<b><u>1 562</u></b>
<b>Total equity and liabilities</b>		<b><u>106 872</u></b>	<b><u>107 532</u></b>

Oslo, 13 April 2020

Bjarne Kveim Lie  
Chairman of the Board

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## Norwegian Microfinance Initiative AS

### Statement of cash flows for the period

	Note	2020	2019
<i>All amounts in NOK thousands</i>			
<b>Cash flow from operating activities</b>			
Profit/(loss) for the year after tax		-60	4,969
Non-cash adjustments			
Depreciation			
Change in fair value of financial assets	3	1,957	-3,208
Net change in operating assets and liabilities			
(Increase)/reduction in trade and other receivables		1	101
Increase/(reduction) in trade payables and other payable liabilities		-600	-629
(Increase)/reduction in provisions and other liabilities			
<b>Net cash flow from operating activities</b>		<b>1,298</b>	<b>1,232</b>
<b>Investing activities</b>			
Proceeds from financial assets		-	24,022
<b>Net cash flow from investing activities</b>		<b>-</b>	<b>24,022</b>
<b>Financing activities</b>			
Proceeds from new share issues		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents for the period			
		1,298	25,254
Cash and cash equivalents at the start of the period		61,558	36,304
<b>Cash and cash equivalents as at 31 December</b>	9	<b>62,856</b>	<b>61,558</b>

## Norwegian Microfinance Initiative AS

### Statement of changes in equity in the accounting period

	Note	No. of shares	Share capital	Other reserves	Total equity
<i>All amounts in NOK thousands</i>					
<b>As at 1 January 2020</b>		<b>64,945,015</b>	<b>64,945</b>	<b>41,025</b>	<b>105,970</b>
Proceeds from Capital Call		-	-	-	-
Profit/(loss) for the year		-	-	-60	-60
Other income and costs		-	-	-	-
Other comprehensive income		-	-	-60	-60
Other adjustments		-	-	-	-
<b>As at 31 December 2020</b>		<b>64,945,015</b>	<b>64,945</b>	<b>40,965</b>	<b>105,910</b>
<b>As at 1 January 2019</b>		<b>64,945,015</b>	<b>64,945</b>	<b>36,057</b>	<b>101,002</b>
Proceeds from Capital Call		-	-	-	-
Profit/(loss) for the year		-	-	4,969	4,969
Other income and costs		-	-	-	-
Other comprehensive income		-	-	4,969	4,969
Other adjustments		-	-	-	-
<b>As at 31 December 2019</b>		<b>64,945,015</b>	<b>64,945</b>	<b>41,025</b>	<b>105,970</b>

## Notes – Norwegian Microfinance Initiative AS

### Note 1 – Accounting policies

#### General information

Norwegian Microfinance Initiative AS is a Norwegian registered limited company (the company) with a head office in Oslo. The primary objectives of the company are to be the general partner for the NMI Global Fund KS and NMI Frontier Fund KS as well as performing investment activities as portfolio manager for the funds.

The Company was incepted from a demerger of NMI AS as of 1 June 2016 with relevant investment activities as well as general partner holdings in the Global and Frontier Funds.

#### Basis of preparation

The annual financial statements of Norwegian Microfinance Initiative AS have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB) and approved by the EU as at 31 December 2019 and are mandatory for financial years starting on or after 1 January 2020.

The financial statements are based on the principles of historical cost accounting, with the exception of financial instruments at fair value through profit or loss, which are measured at fair value.

### Summary of significant accounting policies

#### Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

#### Interest income

Under both IFRS 9 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost.

#### Dividends

Dividends are recognized when the Company's right to receive a dividend has been established.

#### Government grants

Government grants are recognised as income when there is a reasonable degree of certainty that the company will satisfy the criteria for the grants and that the grants will be received. Government grants are recognised as income in the income statement in a systematic manner throughout the accounting period and at the same rate as when the cost-related items associated with the grant arise.

#### Financial instruments – initial recognition

##### Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.



## *Date of recognition*

The purchase and sale of financial instruments is recognized on the date of the transaction, for example, the date when capital is contributed or the date for realization of units in the fund and the Company no longer has any potential gain or loss. Investment obligations are not recognized. Investment obligations are disclosed in a separate note. Capital contributions in accordance with the investment obligations are recognized on the date of the capital contribution.

## *Measurement categories of financial assets and liabilities*

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVOCI
- FVPL

## **Financial assets and liabilities**

### *Business model assessment*

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

### *Financial assets and liabilities recognized at fair value with value changes through profit or loss*

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial instruments that qualify and are designated as instruments recognized at fair value with value changes through profit or loss include equity instruments that are not held for trading purposes. These instruments are designated based on the fact that they are part of a group of instruments that are measured and managed at fair value in accordance with risk management – and the Company's investment strategy. The fair value is reported internally to the portfolio manager and the partnership meeting.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair Value of Financial Instruments that are not traded in an active market is determined by a other appropriate valuation techniques. These techniques might include recent arm's length market transactions between well informed and voluntary parties if available, reference to cash flow calculations or other valuation techniques.

#### *Held-to-maturity financial investments*

Loans and trade receivables are held to collect (contractual cash flows) and give rise to cash flows representing solely payments of principal and interest. The criteria for measuring at amortised cost under IFRS 9 are met and as such there have not been a reclassification of these instruments. Loans and receivables include interest-bearing loans, dividends, interest income, advance payments and other receivables. After the initial recognition, loans and receivables are measured at amortized cost by means of the EIR method less write-downs.

#### **Derecognition**

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

#### **Impairment of financial assets**

The company applies the simplified method when measuring expected credit loss (ECL) trade receivables by recognizing a loss allowance based on lifetime ECL at each reporting date, right from origination.

#### **Cash and short-term liquid investments**

Cash and short-term investments on the balance sheet include bank deposits, cash at hand and short-term liquid investments with a maximum term of 3 months.



## **Transactions in foreign currencies**

The company's functional currency is NOK. Transactions in foreign currency are translated using the exchange rate on the date of the transaction. Monetary items in foreign currency are translated to NOK using the exchange rate on the balance sheet date. Non-monetary items that are measured at the historical exchange rate and presented in a foreign currency are translated to NOK using the exchange rate on the date of the transaction. Non-monetary items measured at fair value and presented in foreign currency are translated using the exchange rate established on the balance sheet date. Changes in exchange rates are recognised on a current basis during the accounting period.

## **Tax payable**

Current receivables and liabilities related to income tax for the current period are included in the amount that is expected to be received from or paid to the tax authorities. The tax percentages and tax legislation used to calculate the amounts are those that have been adopted or essentially adopted on the balance sheet date in the countries where the company operates or generates taxable income.

Tax payable related to items charged directly to equity are charged directly to equity and not to the income statement. Management periodically evaluates cases that are subject to an interpretation of the taxation rules and sets aside provisions as required.

## **Deferred tax**

Deferred tax is calculated by means of the liability method based on temporary differences between the tax-related values for assets and liabilities and their book values for financial reporting on the balance sheet date. The carrying amount for deferred tax receivables is reassessed for each reporting period and reduced if it is no longer probable that the future taxable income will be able to make use of the tax benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is deemed to be realised or the liability is deemed to be settled, and they are based on the rates that have been adopted or essentially adopted on the balance sheet date. Deferred tax related to off-income statement items is not included in the income statement.

Deferred tax elements are included together with the underlying transaction, either under other income and costs or directly in equity. Deferred tax assets and liabilities may be set off if a legal right to such a set-off has been established between the current tax assets and liabilities, and the deferred tax refers to the same taxpayer and tax regime.

## **Provisions**

Provisions are set aside when the company has a liability as the result of an incident, it is probable that a future financial benefit will entail settlement of a liability and there is a reliable estimate that can calculate the future liability. If the company expects to receive all or part of the amount in return, the repayment will be recognised as a separate asset, but only if there is a reasonable degree of certainty that the repayment will be made. The repayment is taken into account when the costs associated with the provisions are presented in the income statement.

## **Pension**

The Company has a defined contribution pension scheme according to legal requirement. The pension premium is expensed as the cost occurs. In addition, the Managing Director has an individual compensation paid monthly in order to reach total pension premium level set for the Managing Director.

**Standards issued but not yet effective**

The standards and interpretations, which are adopted up until the time for the submission of the financial statements but where the effective date is in the future, are given below. The Company intends to implement the relevant changes on the effective date, provided that the EU approves the changes before the submission of the accounts.

Currently there are no standards that will become effective in the short term and impact the financial statements.

**Critical accounting estimates and assumptions**

When preparing the annual financial statements, the management must use estimates and assumptions that affect the amounts reported for assets, liabilities, income and costs. Uncertainty related to these estimates may entail a significant correction of the reported amount for assets and liabilities in future periods. Significant sources for the assessment of uncertainty and assumptions in connection with the preparation of the annual financial statements are stated below.

*Fair value of financial instruments*

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair Value of Financial Instruments that are not traded in an active market is determined by other appropriate valuation techniques. These techniques might include recent arm's length market transactions between well informed and voluntary parties if available, reference to cash flow calculations or other valuation techniques.

**Note 2 – Financial risk**

Norwegian Microfinance Initiative AS has fulfilled its investment obligations in NMI Global Fund KS and NMI Frontier Fund KS. In the future, the company will incur costs related to the task of acting as the portfolio manager for these companies. These costs are compensated through management fees charged to the funds.

The company is exposed to different types of risks. The major risk factors are credit risk, foreign exchange risk and equity price risk through cash and cash equivalents and investments in limited partnerships. Credit risk is the risk that arises when counterparty to a financial instrument can inflict a financial loss on the company by not being able to fulfil its payment obligation. Credit risk is limited to the company's bank accounts.

The foreign exchange risk is the risk that the value of a financial instrument will vary in accordance with the currency exchange rate fluctuations. The company's investments in a currency other than NOK will thus be affected in a positive or negative direction by currency exchange rate fluctuations. The company is thus exposed to foreign currency.

The equity price risk is the risk related to unfavourable changes in fair value related to the funds. Changes of this type will affect the item net gain/(loss) on financial assets designated at fair value through profit or loss.

### Note 3 – Fair value of financial instruments

The that have another observable input for the asset or liability, either directly (in the form of prices) or indirectly (derived from prices) from prices other than the quoted prices mentioned following table shows the financial instruments at fair value classified based on the instruments' inclusion method:

- Quoted prices in active markets for identical assets and liabilities (Level 1)
- The instruments under Level 1. (Level 2)
- The instruments included as an asset or liability derived from unobservable market data (Level 3).

There have been no transfers between the levels throughout the accounting period.

	31 December 2020			
	Level 1	Level 2	Level 3	Total
<i>All amounts in NOK thousands</i>				
<b>At fair value through profit or loss</b>				
Unlisted funds	-	-	43,992	43,992
	-	-	43,992	43,992

	31 December 2019			
	Level 1	Level 2	Level 3	Total
<i>All amounts in NOK thousands</i>				
<b>At fair value through profit or loss</b>				
Unlisted funds	-	-	45,949	45,949
	-	-	45,949	45,949

For all the financial instruments, the fair value is calculated by means of various valuation methods.

#### Level 1:

The company does not have any financial instruments within this level.

#### Level 2:

The company does not have any financial instruments within this level.

#### Level 3:

The company invests in unlisted funds, which are not quoted in an active market and may have restrictions, such as a defined period of time for ownership or other trading restrictions. Such transactions do not occur regularly and are classified under Level 3.



The Company measures Fair value of Level 3 investments regularly and can be classified as:

- **Investments in funds:** Fair Value of the investment is calculated by the Manager of the respective Fund and is expressed as a Net Asset Value (NAV) of the Company's investment at the end of the reporting period. The respective Fund Manager utilized acknowledged valuation techniques.

The company has invested in the limited partnerships NMI Global Fund KS and NMI Frontier Fund KS, which are managed funds and not quoted in active markets. There are restrictions on the trading of units. Investments in these funds are valued at the Net Asset Value (NAV). The NAV is adjusted as required to reflect the date of the calculation, liquidity risk, restrictions and other factors. The company classifies these investments as Level 3.

The following table illustrates the reconciliation of the movements in fair value for the financial instruments classified as Level 3 at the start and end of the accounting period.

	<b>NMI Global Fund KS</b>	<b>NMI Frontier Fund KS</b>	<b>Total</b>
<i>All amounts in NOK thousands</i>			
<b>Reconciliation for Level 3</b>			
<b>Opening balance as at 1 January 2020</b>	17 294	28 655	45 949
Investments/(repayments)	-	-	-
Changes in value through profit or loss	-2 244	287	-1 957
<b>Balance sheet as at 31 December 2020</b>	<b>15 050</b>	<b>28 943</b>	<b>43 992</b>
<b>Opening balance as at 1 January 2019</b>	25 405	41 358	66 763
Investments/(repayments)	-8 000	-16 022	-24 022
Changes in value through profit or loss	-111	3 320	3 208
<b>Balance sheet as at 31 December 2019</b>	<b>17 294</b>	<b>28 655</b>	<b>45 949</b>

The invested currency, and the currency presented in the table above, is NOK. The functional currency of the Funds is USD.

#### Note 4 – Related parties

Norwegian Microfinance Initiative AS is the portfolio manager for NMI Global Fund KS and NMI Frontier Fund KS, for which the company is the general partner. The management fee for these is fixed at 1,5% and 2% respectively.

	<b>Management Fee</b>	<b>Receiveable on / (liability to) the funds</b>
<i>Figures in NOK thousands</i>		
NMI Global Fund KS	844	-
NMI Frontier Fund KS	3,157	-
<b>Total</b>	<b>4,001</b>	<b>-</b>





## Terms for transactions with related parties:

The terms for the sale and purchase of services from related parties are "at arm's length". Outstanding amounts on the balance sheet date are unsecured and do not bear interest unless otherwise stated, and they are settled in cash. No guarantees have been made for receivables or debt associated with related parties.

## Note 5 – Payroll costs

<i>All amounts in NOK thousands</i>	2020	2019
Wages and salaries	900	1 858
Employer's share of National Insurance contributions	82	54
Pension costs	-	15
<b>Sum</b>	<b>982</b>	<b>1 927</b>

The company had one employee at the end of the accounting period.

## Remuneration of the Managing Director and Board of Directors for 2020

The table below shows amounts paid in 2020 to the current Managing Director and Board of Directors.

	Managing Director	Board of Directors
<i>Tall i NOK thousands</i>		
Payroll and fees	666	-
Pension costs and mandatory pensions	-	-
Other benefits	-	-

Corresponding figures for 2019:

	Managing Director	Board of Directors
<i>Tall i NOK thousands</i>		
Payroll and fees	422	-
Pension costs and mandatory pensions	15	-
Other benefits	-	-

No loans or guarantees have been made to the Managing Director, Board members or related parties other than what has been disclosed in the previous section.

Upon termination by the Company, the Managing Director is entitled to severance pay of 9 months of annual salary.



## Note 6 – Breakdown of financial items

	2020			Total
	Fair value	Cash and cash equivalents	Foreign exchange gains/	
<i>All amounts in NOK thousands</i>				
Received dividend	-	-	-	-
Change in fair value of investments	-1,957	-	-	-1,957
Interest income	-	186	-	186
Interest expenses	-	-4	-	-4
Net financial items	-	-	-	-
Interest expenses	-	-	-	-
<b>Net financial items</b>	<b>-1,957</b>	<b>182</b>		<b>-1,775</b>

	2019			Total
	Fair value	Cash and cash equivalents	Foreign exchange gains/	
<i>All amounts in NOK thousands</i>				
Received dividend	-	8 000	-	8 000
Change in fair value of investments	-4 792	-	-	-4 792
Interest income	-	629	-	629
Interest expenses	-	-	-	-
Net financial items	-	-	14	14
Interest expenses	-	-	-	-
<b>Net financial items</b>	<b>-4 792</b>	<b>8 629</b>	<b>14</b>	<b>3 852</b>

## Note 7 – Auditor's fees

	2020	2019
<i>All amounts in NOK</i>		
Auditing	136	72
Other audit-related services	10	19
<b>Total</b>	<b>146</b>	<b>91</b>

The amounts are inclusive of VAT.





## Note 8 – Income tax expense

<b>Breakdown of income tax expense</b>	<b>2020</b>	<b>2019</b>
<i>All amounts in NOK thousands</i>		
Tax payable	443	1,205
Overaccrual previous year	-3	-672
Change in deferred tax	-	-
<b>Total income tax expense</b>	<b>440</b>	<b>533</b>
<b>Calculation of basis for tax payable</b>	<b>2020</b>	<b>2019</b>
<i>All amounts in NOK thousands</i>		
Profit/(loss) before tax	380	5,501
Permanent differences	1,961	-2,968
Taxable profit/(loss) from companies assessed as a partnership	-561	2,287
Temporary differences	-	-
Utilisation of carry-forward losses	-	-
<b>Tax base</b>	<b>1,780</b>	<b>4,820</b>
<b>Breakdown of temporary differences:</b>	<b>2020</b>	<b>2019</b>
<i>All amounts in NOK thousands</i>		
Current assets	-	-
Accrued liabilities	100	100
Tax loss carryforward	-	-
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Effective tax rate</b>	<b>2020</b>	<b>2019</b>
<i>All amounts in NOK thousands</i>		
Expected tax	92	1 375
Permanent differences	351	-170
Overaccrued tax previous year	-3	-672
<b>Income tax expense for the year</b>	<b>440</b>	<b>533</b>
Effective tax rate% *)	9 %	11 %

\*) Income tax expense in relation to profit/(loss) before tax.

Norwegian Microfinance Initiative AS has not recognized any deferred tax asset on temporary differences as of 31 December 2020.



## Note 9 – Cash and cash equivalents

	<u>31 December 2020</u>	<u>31 December 2019</u>
<i>All amounts in NOK thousands</i>		
Bank deposits	62,880	61,558
Short-term deposits	-	-
Total	<u>62,880</u>	<u>61,558</u>

NOK 0.02 million of the company's bank deposits were restricted as tax withholding funds. Under IFRS tax withholding funds are presented under the item other receivables and not under the item cash and cash equivalents.

## Note 10 – Share capital, equity and shareholders

### Outstanding shares

<u>Investors</u>	<u>No. Of shares</u>	<u>Ownership</u>	<u>Voting share</u>
Norfund	32,472,507	50.0 %	50.0 %
Ferd AS	8,118,127	12.5 %	12.5 %
Kommunal Landspensjonskasse	8,118,127	12.5 %	12.5 %
Storebrand Livsforsikringselskap AS	8,118,127	12.5 %	12.5 %
<u>DNB Livsforsikring ASA</u>	<u>8,118,127</u>	<u>12.5 %</u>	<u>12.5 %</u>
Total	64,945,015	100.0 %	100.0 %



Statsautoriserte revisorer  
Ernst & Young AS

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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norwegian Microfinance Initiative AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Norwegian Microfinance Initiative AS, which comprise the balance sheet as at 31 December 2020, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

#### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Norwegian Microfinance Initiative AS

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3

Oslo, 20 April 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan-Herman Stene  
State Authorised Public Accountant (Norway)

Pemso Dokumentnr/Id: ZOTAC\_ZOSSE\_KMSY3\_AS76ID\_UITUD-16070

Independent auditor's report - Norwegian Microfinance Initiative AS

A member firm of Ernst & Young Global Limited



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### Johan-Herman Stene

Statsautorisert revisor

På vegne av: Ernst & Young AS

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**Skattedirektoratet**

Saksbehandler Jeanette Munkvold Skovholt	Deres dato 10.04.2017	Vår dato 27.04.2017
Telefon 90076012	Deres referanse Ole Sandsbraaten	Vår referanse 2017/415668

NORWEGIAN MICROFINANCE INITIATIVE AS  
Postboks 1925 Vika  
0160 Oslo

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Norwegian Microfinance Initiative AS, org. nr. 917 763 399**

Vi viser til deres brev av 10. april 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Norwegian Microfinance Initiative AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Norwegian Microfinance Initiative AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

Fra søknaden gjengis:

*NMI er et samarbeid mellom det offentlige og private investorer og har som visjon å styrke fattiges stilling i utviklingsland, ved å bidra til å skape arbeid og velferd på bærekraftig grunnlag. Dette oppnåes ved å investere i mikrofinansinstitusjoner i identifiserte fokusland gjennom å yte lån og egenkapital til disse.*

*(...) Selskapet ble utfisjonert fra NMI AS oktober 2016. Eier av selskapet og fondene er følgende selskaper:*

- Norfund
- Ferd AS
- Storebrand Livsforsikring ASA
- DNB Livsforsikring ASA
- KLP

Disse eiere har god kunnskap om investeringer i utlandet og har således god språklig kompetanse.

*(...) Med hensyn til andre brukere av regnskapene foruten eierne, er det som tidligere nevnt særlig interessenter og samarbeidspartnere i utlandet som krever tilsendt*

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Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er eid av profesjonelle aktører. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Jeanette Munkvold Skovholt

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