



## Årsregnskap for regnskapsåret 2020

Organisasjonsnr: 994 799 436  
Navn/foretaksnavn: IBM FINANS NORGE AS  
Forretningsadresse: Lakkegata 53  
0187 OSLO

Brønnøysundregistrene

03.07.2022

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### Brønnøysundregistrene

Postadresse: 8910 Brønnøysund

Telefoner: Opplysningstelefonen 75 00 75 00 Telefaks 75 00 75 05

E-post: [firmapost@brreg.no](mailto:firmapost@brreg.no) Internett: [www.brreg.no](http://www.brreg.no)

Organisasjonsnummer: 974 760 673



2021 100070

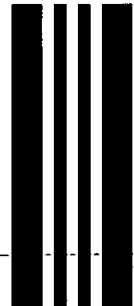


Brønnøysundregistrene - Regnskapsregisteret

VEDLEGG TIL ÅRSREGNSKAP 2020



IBM FINANS NORGE AS Postboks 9267 Grønland 0134 OSLO	Organisasjonsnr.	AS
	994 799 436	



Registrerte opplysninger per 04.06.2021	Eventuelle endringer dette regnskapsåret		
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Startdato 01.01.2020	Avslutningsdato 31.12.2020	Startdato	Avslutningsdato
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Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap NEI	Endret konsernforhold <input type="checkbox"/> Morselskap <input type="checkbox"/> Ikke morselskap	
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Kun for aksjeselskap som har meldt fravalg av revisjon

Selskapet har besluttet at årsregnskapet ikke skal revideres  Ja

Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører  Ja

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet  Ja

Årsregnskapet er satt opp etter reglene for frivillig virksomhet  Avkrysning er kun aktuelt for foreninger (FLI) som er registrert i Frivillighetsregisteret

Hvis enheten ikke følger norsk regnskapslov eller frivillighetsregisterloven, kryss av  IFRS selskap  IFRS konsern

Hvis enheten velger å avvike fra regnskapsloven § 6-1, kryss av  Funksjon selskap  Funksjon konsern

Følges regnskapsreglene for små foretak?  Ja  Nei

Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den \_\_\_\_\_ Dato

Sted/dato, Underskrift av representant for enheten

*vedl.*

Bare til bruk for Regnskapsregisteret

*SKW 1/6*

G  NYVE  Admr  Kregn Ja  Nei  Aktiv. regn

M  Rets  Ant.s

ov.b årsb res bal e.bal gj.bal rev i-rev k-res k-bal k-n k-rev i-k-rev n

k-regn kto d.k ik-tv konsf lfrs fr-rev funk u.off brev




BR-1001-11







## Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 24.01.2011	Vår dato 27.01.2011
Telefon 22077325	Deres referanse Tor Arne Strømme	Vår referanse 2011/100638

International Business Machines AS  
Postboks 500  
1411 KOLBOTN

## Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk

Det vises til deres brev av 24. januar 2011 samt e-post av 26. januar 2011 med supplerende opplysninger i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for:

- International Business Machines AS org. nr: 931 482 580
- IBM Finans Norge AS org. nr: 994 799 436
- Nordic Processor AS org. nr: 985 719 470

### Bakgrunn:

IBM Finans Norge AS er et heleid datterselskap av International Business Machines AS som igjen er eid 100 % av IBM Nordic AB i Sverige. Nordic Processor AS er gjennom Nordic Processor AB og IBM Svenska AB også eid 100 % av IBM Nordic AB. Alle selskapene inngår i det amerikanske konsernet International Business Machines Corporation. IBM konsernet er nå i en prosess med innføring av IFRS som sitt regnskapsspråk. For konsernets europeiske selskap har man sentralisert kompetansen om IFRS til et felles regnskapssenter i Slovakia. Selskapenes årsregnskap vil derfor i fremtiden bli utarbeidet der, og da naturlig nok på engelsk språk. Konsernet mener en slik løsning vil gi mest korrekte IFRS regnskap.

Det er opplyst at det interne arbeidsspråket i selskapene er engelsk slik at ansatte ikke blir berørt av at det eventuelt ikke oversettes noe årsregnskap til norsk. Det er videre opplyst at selskapene ikke henvender seg til forbrukermarkedet. Varer og tjenester selges enten via forhandlere eller til forretningsmarkedet som man antar behersker engelsk. Selskapene er i det vesentlige finansiert gjennom konsernet.

Selskapene mener derfor at det ikke er interessenter til årsregnskapene som blir skadelidende av at årsregnskapet ikke blir oversatt til norsk. Nyten av å få regnskapet oversatt til norsk anses ikke å overstige kostnaden. Selskapet ønsker også tillatelse til å ha årsberetningen på norsk, da ulikt språk i årsregnskap og årsberetning anses rart, samt at konsernets ledelse og eiere også ønsker denne delen på engelsk. Det søkes derfor om dispensasjon.

### Skattedirektoratets vurdering og konklusjon

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	Sentraltbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapene er heleid fra utlandet, og er pålagt av eier å få sine årsregnskap utarbeidet på engelsk i Slovakia. En norsk versjon vil derfor være en ren oversettelse som selskapene mener kun vil bli brukt for å oppfylle regnskapslovens språkkrav. Selskapenes ansatte benytter alt engelsk som arbeidsspråk samt at selskapene kun henvender seg til et profesjonelt marked.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Jan Hoelstad



**IBM Finans Norge AS**  
**IFRS Financial Statements**  
**31 December 2020**

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**IBM Finans Norge AS**

**Financial Statements**

**As at 31 December 2020**

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## IBM Finans Norge AS

### Directors' report

For the Year Ended 31 December 2020

#### The Nature and Location of the Operations

IBM Finans Norge AS was established October 27, 2009 and is a fully owned subsidiary of IBM Global Financing Investments II B.V. located in Netherland. The company is located in Oslo, Norway.

IBM Finans Norge AS' objective is to finance invoices (factoring) and inventory for IBM and IBM Business Partners and from Nov 1, 2016 also to finance IT solutions to end users (not private persons) with lease and loans for IBM products and services.

During 2020 IBM Global Financing (IGF) globally decided to limit the funding in selected industries and a more restricted credit policy was put in place, with the purpose to protect IBMs cash position. Financing of OEM continued to be very limited, and only of part of an IBM solution.

In May IBM Finans Norge AS signed a significant contract that had positive impact on the portfolio, but challenging the capital requirements for 2nd half of 2020, were 3rd quarter capital coverage was negative for the first time. Action was taken to reduce the portfolio in October, and measures were taken to be compliant going forward. The Board has monitored the capital situation closely throughout the 2nd half of 2020. However the initial reporting in February 2021 of capital coverage as per 31.12.2020 showed a negative capital coverage. After audit the company can include the 2020 profit in Common Equity Tier 1 capital and now IBM Finans Norge AS meets all capital requirements as per 31.12.2020. IBM Finans Norge AS has had a dialogue with The Financial Supervisory Authority of Norway from September 2020, and they are informed that IBM Finans Norge AS in two short periods in 2020 did not have sufficient capital coverage.

The nature of the business requires concession from The Financial Supervisory Authority of Norway (no: Finanstilsynet). All necessary concessions from authorities are in place. The general requirements for finance companies apply. The requirements with high impact are requirements for capital coverage, mandatory detailed reporting to authorities and publication of quarterly accounts.

The company has 5 employees by YE 2020. All infrastructure support is located in the IBM Center of Excellence (CoE) Budapest and Bratislava including credit and accounting.

#### Working Environment

The working environment is good, and no occupational accidents have occurred in 2020. The workforce consists of 1 female employee and 4 full time male employees. In addition, a female controller is insourced from IBM on 50% part time. The total sick leave in 2020 was less than 1.0%.

#### Diversity and Equality

The company practices an equal opportunity policy. There is currently a good balance of female/male employees in the company, and the company is in compliance with all gender equality requirements.

#### External Environment

IBM Finans Norge AS does not cause any harm to the environment or health as most of our processes are digitized.

#### 2020 results and future prospects

The Financial Statement for 2020 covers the total calendar year of 2020. IBM Finans Norge AS had a total credit engagement YE 2020 of MNOK 1.175 a significant increase from 2019.



## IBM Finans Norge AS

### Directors' report

For the Year Ended 31 December 2020

Equity was MNOK 126 which is within the requirements from the authorities.

The financial results for 2020 showed profit for the year, where the financing mix changed from being heavily depended on HW and SW contracts to a more services dominating portfolio.

2020 has been impacted by the Global Covid-19 epidemic. The impact on the IBM Finans Norge AS business was limited with a few smaller bankruptcies, but lower investments in the private sector impacted the product/lease financing business, but this was compensated by the increase in services financing.

While IBM Finans Norge AS have 90% credit insurance coverage for 60% of the portfolio as per YE2020 and a significant portion of public and financially strong private clients in the portfolio, credit risk is limited to a smaller part of the portfolio.

#### Financial Risk

IBM Finans Norge AS is exposed to a variety of financial risks as a result of its operations that include the effects of changes in liquidity and interest rate risk, credit risk, market prices, and foreign exchange risk. The risk management program in place is strong and aligned to the programs applied within the consolidated group companies under the ultimate parent company, International Business Machines Corporation.

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the IBM Finans Norge AS. A policy of only dealing with creditworthy counterparties and obtaining sufficient collateral has been adopted where appropriate, as means of mitigating the risk of financial loss from defaults. IBM Finans Norge AS carries out credit checks on potential customers before contracts are signed.

The credit risk related to the factoring business is significantly reduced, as 90% of the portfolio is covered by credit insurance and parental guaranties. 50% of the loans are also covered by credit insurance and the remaining client financing business has a low risk profile based on the strict credit evaluation process.

IBM Finans Norge AS is funded 100% by the IBM Treasury Centre in Ireland and IBM Global Financing Investments II B.V. As IBM Finans Norge AS invests or borrows cash balances, it operates in either a receivable or payable position. Interest is paid or earned on the daily balance using the variable one month interest rate as the base. IBM's corporate treasury function provides funding and risk management services to the company through internal risk reports addressing credit risk, liquidity risk and cash flow interest rate risk.

The financial risk for IBM Finans Norge AS is low, and historically there have been only minimal losses, which is not expected to change in 2021

The capital for the company is above the minimum requirements and IBM Finans Norge AS does not give guarantees.

#### Cash Flow Analysis

The net cash flow of operational activities for the company was MNOK (655), MNOK 5 for investment activities and for financing activities MNOK 650.



**IBM Finans Norge AS**

**Directors' report**

**For the Year Ended 31 December 2020**

**Continued Operations**

The Board has no knowledge of issues of importance to the annual accounts that do not appear in the annual accounts or the Report from the Board of Directors. The accounts have been prepared under the going concern assumption.

Oslo, March 29, 2021

Board of Directors of IBM Finans Norge AS

Emil Stampe  
(Member of the board)

Asbjørn Søgstad  
(CEO)

Mats Eliasson  
(Member of the board)

Trond Erik Steine  
(Member of the board)

Søren Gert Christiansen  
(Chairman of the board)

Henrik Visser  
(Member of the board)

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**IBM Finans Norge AS**

**Statement of Profit or Loss and Other Comprehensive Income**

**For the Year Ended 31 December 2020**

	Notes	2020 NOK'000	2019 NOK'000
Finance income	3	40,478	43,949
Interest income calculated using the effective interest method	3	2,048	782
Finance cost	4	(12,393)	(21,565)
<b>Net finance income</b>		<b>30,133</b>	<b>23,166</b>
<b>Other expense</b>	5	<b>(16,258)</b>	<b>(16,830)</b>
<b>Net impairment losses on financial assets</b>	14	<b>(59)</b>	<b>(173)</b>
<b>Profit before income tax</b>		<b>13,816</b>	<b>6,163</b>
Income tax expense	6	(2,908)	(1,276)
<b>Profit for the year</b>		<b>10,908</b>	<b>4,887</b>
<b>Other comprehensive income / (loss)</b> <i>Items that will not be reclassified subsequently to profit and loss:</i>			
Actuarial gain / (loss) on defined benefit scheme	17	(676)	(197)
Deferred tax in respect of defined benefit scheme	8	158	44
<b>Other comprehensive income / (loss) for the year, net of income tax</b>		<b>(518)</b>	<b>(153)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>10,390</b>	<b>4,734</b>
<b>Profit for the year as a percentage of total assets</b>		<b>0.88%</b>	<b>0.85%</b>

All operations are classified as continuing.

The notes on pages 10 to 50 form part of these financial statements.



**IBM Finans Norge AS**

**Statement of Financial Position**

**As at 31 December 2020**

	Notes	12/31/2020 NOK'000	12/31/2019 NOK'000
<b>Current assets</b>			
Cash and cash equivalents	14	943	444
Receivables from related parties	15	88,776	15,807
Finance receivables	7	962,684	374,617
Inventories		41	-
Prepayments and Other current assets		626	98
		<u>1,053,070</u>	<u>390,966</u>
<b>Non-current assets</b>			
Receivables from related parties	15	112,628	29,084
Finance receivables	7	64,301	138,969
Property, plant and equipment	18	2,144	13,054
Deferred tax assets	8	2,206	784
		<u>181,279</u>	<u>181,891</u>
<b>Total assets</b>		<b>1,234,349</b>	<b>572,857</b>
<b>Current liabilities</b>			
Loans and Borrowings	9, 15	842,376	186,592
Payables to related parties	15	131,030	145,441
Tax payables	6	4,156	2,307
Trade and other payables	10	57,616	42,857
Deferred income		132	1,376
Other liabilities (Employees)		1,443	1,612
		<u>1,036,753</u>	<u>380,185</u>
<b>Non-Current liabilities</b>			
Deferred tax liability	8	-	-
Retirement benefit obligation	17	3,689	2,944
Loans and Borrowings	9, 15	68,032	74,243
		<u>71,721</u>	<u>77,187</u>
<b>Total liabilities</b>		<b>1,108,474</b>	<b>457,372</b>
<b>Net assets</b>		<b>125,875</b>	<b>115,485</b>

The notes on pages 10 to 50 form part of these financial statements.



**IBM Finans Norge AS**

**Statement of Financial Position**

**As at 31 December 2020**

**Issued capital and reserves**

Share capital	11	45,000	45,000
Retained profits		80,875	70,485
<b>Total equity</b>		<b>125,875</b>	<b>115,485</b>

The financial statements were approved by the directors and authorised for issue on 29 March 2021.

\_\_\_\_\_  
Emil Stampe  
(Member of the board)

\_\_\_\_\_  
Asbjørn Søgstad  
(CEO)

\_\_\_\_\_  
Mats Eliasson  
(Member of the board)

\_\_\_\_\_  
Trond Erik Steine  
(Member of the board)

\_\_\_\_\_  
Søren Gert Christiansen  
(Chairman of the board)

\_\_\_\_\_  
Henrik Visser  
(Member of the board)

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**The notes on pages 10 to 50 form part of these financial statements.**

**Page 7**

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**IBM Finans Norge AS**

**Statement of Changes in Equity**

**As at 31 December 2020**

	Issued capital NOK'000	Other paid-in capital NOK'000	Retained earnings NOK'000	Total equity NOK'000
At 1 January 2019	45,000	80,712	(14,961)	110,751
Profit for the financial year	-	-	4,887	4,887
Other comprehensive income	17	-	(153)	(153)
At 31 December 2019	45,000	80,712	(10,227)	115,485
Profit for the financial year	-	-	10,908	10,908
Other comprehensive income	17	-	(518)	(518)
At 31 December 2020	45,000	80,712	163	125,875

The notes on pages 10 to 50 form part of these financial statements.



## IBM Finans Norge AS

## Statement of Cash Flow

For the Year Ended 31 December 2020

	Notes	2020 NOK'000	2019 NOK'000
<b>Profit for the period</b>		<b>10,908</b>	<b>4,887</b>
<b>Adjustments for</b>			
Income tax		2,908	1,276
Depreciation	18	5,467	11,417
<b>Changes in operating assets and liabilities</b>			
Difference between pension charge and cash contribution		70	70
Income tax paid	6	(2,324)	(1,353)
Income tax transfer	6	-	-
Decrease / (Increase) in receivables from related parties	15	(156,513)	(12,838)
Decrease / (Increase) in finance receivables	7	(513,399)	460,797
Decrease / (Increase) in inventory		(41)	42
(Decrease) / Increase in payables to related parties	15	(14,411)	16,681
(Decrease) / Increase in other payables	10	14,759	(20,812)
Increase/ (Decrease) in other liabilities		(1,413)	(369)
(Increase)/Decrease in prepayments		(528)	2,176
<b>Net cash flow from operating activities</b>		<b>(654,517)</b>	<b>461,974</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	18	(23)	(245)
Proceeds from sale of property, plant and equipment		5,466	2,640
<b>Net cash flow from investing activities</b>		<b>5,443</b>	<b>2,395</b>
<b>Cash flows from financing activities</b>			
New term loan	9	629,768	87,611
Principal payments	9	(491,517)	(122,107)
Loan due to related parties (overdraft)	9	511,322	(430,468)
<b>Net cash flow from financing activities</b>		<b>649,573</b>	<b>(464,964)</b>
<b>Net increase in cash and cash equivalents</b>		<b>499</b>	<b>(595)</b>
Cash and cash equivalents at beginning of the period		444	1,039
<b>Cash and cash equivalents at end of the period</b>	14	<b>943</b>	<b>444</b>

The notes on pages 10 to 51 form part of these financial statements.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 1. Statement of compliance, basis of preparation, and significant accounting policies

##### General information

IBM Finans Norge AS (the 'company') is a limited company incorporated in Norway. The company's immediate parent entity is IBM Global Financing Investments II B.V., a company incorporated in Netherland and the company's ultimate parent entity is International Business Machines Corporations ('IBM Corporation'), a company registered in the United States of America.

The Company specialises in the purchase and leasing of information processing equipment and associated products and the provision of financial services to customers. The Company also provides short-term inventory and accounts receivable financing to suppliers, distributors and remarketers of IBM products.

##### Basis of preparation

These financial statements have been prepared on a historical cost basis, and in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC').

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently to all years presented, unless otherwise stated. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in the notes to these financial statements.

The financial statements have been prepared on a going concern basis.

##### New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time commencing 1 January 2020:

- Definition of a Business

Standard/Description–Issuance date: October 2018. This guidance clarifies the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

Effect on Financial Statements or Other Significant Matters– The guidance did not have a material impact in the Company's financial results as the revised definition must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after date of adoption.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### I. Statement of compliance, basis of preparation, and significant accounting policies

##### New and amended standards adopted by the Company (continued)

###### • Definition of Material

Standard/Description–Issuance date: October 2018. This guidance amends IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors to align the definition of ‘material’ across the standards. The guidance was updated to clarify the information that is considered important for inclusion in financial statements.

Effect on Financial Statements or Other Significant Matters– The guidance had no impact on the Company’s financial statements.

###### • Interest Rate Benchmark Reform

Standard/Description–Issuance date: March 2020. This guidance provides optional expedients and adoption date exceptions for applying IFRS to contract modifications, hedging relationships, and other transactions that reference interbank offered rates (IBORs) expected to be discontinued, subject to meeting certain criteria.

Effective Date and Adoption Considerations–The guidance is effective as of March 12, 2020 through December 31, 2022, with early adoption permitted. The Company adopted the guidance on the effective date.

Effect on Financial Statements or Other Significant Matters–The Company made a policy election to adopt the practical expedient which allows for the continuation of fair value hedge accounting for interest rate derivative contracts upon the transition from IBORs to another reference rate alternative, without any impact to the Income Statement. The Company is continuing to evaluate the potential impact of the replacement of the IBOR benchmark on its interest rate risk management activities; however, it is not expected to have a material impact in the Company’s financial results.

###### • Covid-19-Related Rent Concessions

Standard/Description– Issuance date: May 2020. This guidance provides a practical expedient relieving lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. Applying the expedient, a lessee accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

Effective Date and Adoption Considerations– The guidance is effective as of 28 May 2020 through 30 June 2021, with early adoption permitted. The Company adopted the guidance on the effective date.

Effect on Financial Statements or Other Significant Matters– The Company made a policy election to adopt the practical expedient which allows lessees not to assess, on all qualifying rent concessions, whether the concession constitutes a modification. The guidance did not have a material impact in the Company’s financial results.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 1. Statement of compliance, basis of preparation, and significant accounting policies

##### New and amended standards adopted by the Company (continued)

###### New Accounting Pronouncements

###### New standards and amendment to standards and interpretations issued but not yet effective

Certain new standards and amendments to standards and interpretations have been published that are not mandatory for 31 December 2020 and have not been early adopted by the Company.

###### • Interest Rate Benchmark Reform – Phase 2

Standard/Description—Issuance date: August 2020. This guidance provides temporary reliefs from effects of changes to contractual cash flows or hedging relationships when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR), subject to meeting certain criteria.

Effective Date and Adoption Considerations—The guidance is effective as of January 01, 2021, with early adoption permitted. The Company adopted the guidance on the effective date.

Effect on Financial Statements or Other Significant Matters— The company is evaluating the impact of the guidance and adoption date.

###### • Onerous Contracts

Standard/Description—Issuance date: May 2020. This guidance specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. It clarifies that the ‘cost of fulfilling’ a contract comprises the costs that relate directly to the contract, which can either be incremental costs to fulfil or an allocation of other costs related directly to fulfilment.

Effective Date and Adoption Considerations—The guidance is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted.

Effect on Financial Statements or Other Significant Matters— The Company is evaluating the impact of the guidance and adoption date.

###### • Classification of Liabilities

Standard/Description—Issuance date: Jan 2020. This guidance specifies the requirements for classifying liabilities as current or non-current based on an entity's right to defer settlement of the liability at the end of the reporting period.

Effective Date and Adoption Considerations—The guidance is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted.

Effect on Financial Statements or Other Significant Matters— The Company is evaluating the impact of the guidance and adoption date.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 1. Statement of compliance, basis of preparation, and significant accounting policies

##### Revenue Recognition

The Company accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

The primary source of revenue for the company is finance income. No revenue from contract with customers was generated in 2020; income is entirely related to other sources.

Finance income represents interest on lease and other receivables, cash and deposits and it is recognised on an accruals basis using the effective interest rate method. Finance income includes also income fee on factored receivables. Factoring fees are recognised at a point in time when the Company satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations. Operating lease income is recognised on a straight-line basis over the term of the lease.

##### Other expenses

Other expenses are recognised in the income statement as incurred. Other expenses include selling expenses, salaries, office supplies, non-income taxes, insurance and office rental.

##### Finance costs

Finance costs represent costs on finance and operating leasing, interest on bank overdrafts and short-term borrowings.

##### Foreign currencies

The financial statements of the company are presented in Norwegian Krone which is the functional currency of the company.

Transactions denominated in foreign currencies are translated at the rate prevailing at the transaction date. Foreign exchange differences are recognised in the income statement in the year on settlement of these items.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. The resulting foreign exchange differences are recognised in the income statement for the year.

##### Taxation

Income tax expense represents the current tax calculated on taxable profits for the year, any adjustments in respect of prior periods and any deferred tax charge or credit for the year.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**1. Statement of compliance, basis of preparation, and significant accounting policies**

**Taxation (continued)**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted and that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

**Leases**

The Company conducts business as both a lessee and a lessor. In its ordinary course of business, the Company enters into leases as a lessee for property, plant and equipment. The Company is the lessor of certain equipment in financing activities relating to finance or operating lease.

When procuring goods or services, or upon entering into a contract with its customers, the Company determines whether an arrangement contains a lease at its inception. As part of that evaluation, the Company considers whether there is an implicitly or explicitly identified asset in the arrangement and whether the Company, as the lessee, or the customer, if the Company is the lessor, has the right to control that asset.

The Company determines whether there is a right to control the use of the asset by assessing its rights, as the lessee, or the customer's rights, if the Company is the lessor, to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. If there is either an explicit or embedded lease within a contract and the Company is the lessor, the Company determines the classification of the lease (e.g., finance or operating lease) at the lease inception date.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### I. Statement of compliance, basis of preparation, and significant accounting policies

##### Leases (continued)

###### *The Company as lessee*

Effective 1 January 2019, when the Company is the lessee, all leases with a term of more than 12 months are recognised as ROU assets and associated lease liabilities in the Statement of Financial Position. The lease liabilities are measured at the lease inception date and determined using the present value of the lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, on a secured basis, in the country where the lease was executed. The interest rate implicit in the lease is generally not determinable in transactions where the Company is the lessee.

The ROU asset equals the lease liability adjusted for any IDCs, prepaid and accrued rent and lease incentives. Fixed and in-substance fixed payments are included in the recognition of ROU assets and lease liabilities, however, variable lease payments, other than those based on a rate or index, are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which the obligation for those payments is incurred. The Company's variable lease payments generally relate to payments tied to various indexes and payments above a contractual minimum fixed payment. Real estate leases commonly require variable lease payments to reflect market changes, inflation and cost of property maintenance. In addition, vehicle leases may contain variable lease payments for excess mileage adjustments. The lease agreements do not impose any covenants on the Company.

ROU assets represent the Company's right to control the underlying assets under lease, and the lease liability is the obligation to make the lease payments related to the underlying assets under lease.

ROU assets are generally amortised on a straight-line basis over the lease term with the interest expense on the lease liability recorded using the effective interest method. The amortisation and interest expense are recorded separately in the Statement of Profit or Loss and Other Comprehensive Income. The Company has elected to not recognise leases with a lease term of less than 12 months in the Statement of Financial Position, including those acquired in a business combination, and lease costs for those short-term leases are recognised on a straight-line basis over the lease term in the Statement of Profit or Loss and Other Comprehensive Income.

For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components (e.g. maintenance services) and account for the combined unit as a single lease component.

###### *The Company as lessor*

The company typically enters into leases as part of financing activities. Assets under lease include new and used IBM equipment and certain OEM products.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**1. Statement of compliance, basis of preparation, and significant accounting policies**

**Leases (continued)**

Amounts due under finance leases are recorded as finance receivables at the amount of the Company's net investment in the leases representing the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Lease payments due to the Company are typically fixed and paid in equal instalments over the lease term. Payments that are made directly by the client to a third party, including certain property taxes and insurance, are not considered part of variable payments and therefore are not recorded by the company. The company excludes from consideration in contracts all collections from sales and other similar taxes.

When lease arrangements include multiple performance obligations, the company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases, whereas leases where all the risks and rewards incidental to ownership are not transferred to the lessee are classified as operating leases.

If a lease is classified as a finance lease, the carrying amount of the asset is derecognised from inventory and a net investment in the lease is recorded. Net investment in the lease is measured at commencement date as the sum of the lease receivable and the estimated residual value of the equipment less unearned income and allowance for credit losses. For further information on the company's net investment in leases, refer to note 7, "Finance Receivables." Any selling profit or loss arising from a finance lease is recorded at lease commencement. Selling profit or loss is presented on a gross basis when the Company enters into a lease to realise value from a product that it would otherwise sell in its ordinary course of business, whereas in transactions where the Company enters into a lease for the purpose of generating revenue by providing financing, the selling profit or loss is presented on a net basis. Under a finance lease, IDC are expensed at lease commencement. Over the term of the lease, the Company recognises finance income on the net investment in the lease and any variable lease payments, which are not included in the net investment in the lease.

When the Company enters a sublease as a lessor, a determination is made as to whether it has been relieved of its primary obligation under the original lease. If the Company has been relieved of its primary obligation, the original lease is terminated. If the Company has not been relieved of its primary obligation, the original lease remains in place and the transaction is recorded based on the lease classification of both the original lease and the sublease. The classification of the sublease is determined by reference to the ROU asset in the original lease.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 1. Statement of compliance, basis of preparation, and significant accounting policies

##### Financial instruments

IGF financing solutions are classified into two segments: Customer/Client Financing (CuF) and Commercial Financing (CoF). CuF offers lease and loan financing alternatives for acquisition of hardware technology, software, services and cloud-based solutions. CoF creates the partnership between dealers and suppliers, where suppliers are receiving the cash in advance for produced equipment, while business partners have longer time for the payables repayment.

##### *Classes of financial instrument*

The Company considers the following to be its classes of financial assets: cash and cash equivalents; finance receivables; and receivables from related parties. Finance receivables include lease receivables, customer loan receivables and commercial financing receivables. The following financial liabilities are presented as separate classes of financial liabilities: trade and other payables and payables to related parties

Financial assets and financial liabilities are recognised initially at fair value, plus or minus directly attributable transaction costs, in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Such assets and liabilities are subsequently measured at amortised cost or fair value, depending on the measurement classification. Financial assets held at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed. Trade receivables are measured at their transaction price.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. For the majority of financial instruments, standard market conventions and techniques such as discounted cash flow analysis, estimated selling price less estimated cost to completion and sale are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realised.

##### *Financial assets – classification and subsequent measurement – measurement categories.*

The Company classifies financial assets in the following measurement categories: FVTPL and AC. The classification and subsequent measurement of debt financial assets depends on:

(i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

##### *Debt financial assets – classification and subsequent measurement – business model.*

The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL. Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated. Refer to Note 2 for critical judgements applied by the Company in determining the business models for its financial assets.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### I. Statement of compliance, basis of preparation, and significant accounting policies

##### Financial instruments (continued)

###### *Debt financial assets impairment – credit loss allowance for ECL.*

The Company on a forward looking basis measures ECL and recognises Net impairment losses on financial assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at amortised cost are presented in the statement of financial position net of the allowance for ECL.

For financial assets the Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Company identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). Refer to Note 14 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company’s definition of credit impaired assets and definition of default is explained in Note 14. The Notes 2 and 14 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

Due to practical reasons the Company has decided to calculate only lifetime ECL and not 12 month ECL as it was impracticable to derive point-in-time probabilities of default. The Company therefore used current probabilities of default for lifetime ECL. The identified impairment loss was immaterial.

###### *Debt financial assets – write-off*

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

###### *Financial assets - derecognition*

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 1. Statement of compliance, basis of preparation, and significant accounting policies

##### Financial Instruments (continued)

###### *Finance receivables*

Finance receivables are recognized initially at fair value and are subsequently carried at AC using the effective interest method in line with business model Hold to collect and SPPI assessment. Finance receivables with remaining maturity longer than 12 months are classified as non-current and those receivables with remaining maturity shorter than 12 months are classified current.

###### *Cash and cash equivalents*

Cash and cash equivalents include deposits held at call with banks and short-term deposits with related parties that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test.

###### *Financial liabilities:*

###### *Classification*

Financial liabilities are classified as financial liabilities measured at 'amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. Company do not have financial liabilities measured at FVTPL.

###### *Amortised cost*

The amortised cost of a debt instrument is calculated using the effective interest method which allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial instruments held at amortised cost include 'trade and other payables' (excluding 'other payables', 'accrued expenses' and 'social security and other taxes'), and 'payables to related parties'.

###### *Trade and other payables*

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods or services. Amounts are unsecured and usually settled on standard commercial trade terms. Trade and other payables are initially measured at fair value.

Trade and other payables are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**1. Statement of compliance, basis of preparation, and significant accounting policies**

**Financial instruments (continued)**

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

*Debt and equity instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

*Interest and dividends*

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

**Employee benefits**

Provision is made for benefits accruing to employees in respect of wages, salaries and other benefits when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

*Defined contribution plans*

Contributions to defined contribution retirement plans are recognised as an expense when the employees have rendered services entitling them to the contributions.

*Defined benefit and other post-retirement benefit plans*

For defined benefit retirement plans and other post-retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date.

Actuarial gains and losses are recognised in full in the period in which they occur, outside of the income statement, and presented in other comprehensive income. Past service cost is recognised immediately to the extent that benefits are already vested, or amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, less the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of benefits accruing to the company available in the form of refunds and reductions in future contributions to the plan.



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

**1. Statement of compliance, basis of preparation, and significant accounting policies**

**Property, plant and equipment**

Property, plant and equipment are stated in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

The depreciable amount of an asset is determined after deducting its residual value. The residual value of an asset is the estimated amount that the company would obtain from the disposal of the asset, after deducting the estimated cost of disposal.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives used in the calculation of depreciation and amortisation are as follows:

Fixtures and fittings	-	5-15 years
Lease assets	-	1.5-5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The management has assessed the residual values and useful lives of assets and believe there is no significant revision required.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the period.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 2. Significant accounting estimates and assumptions

The application of accounting standards and policies requires the company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the company considers to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the company's financial condition or operating performance.

##### *Revenue recognition*

Application of the various accounting principles in IFRS related to the measurement and recognition of revenue requires that the Company make judgements and estimates. The Company considers various factors, including a review of specific transactions, the credit-worthiness of the customers, historical experience and market and economic conditions when calculating provisions and allowances.

##### *Pension assumptions*

The measurement of the Company's defined benefit obligation to its employees and net periodic pension cost/income requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. Changes in these assumptions may affect the future funding requirements of the plans and actuarial gain/loss recognised in the statement of comprehensive income.

##### *ECL measurement*

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Company performed individual management assessments to incorporate forward-looking macro-economic review on the portfolios. The assessment calculated the expected losses under the PD x LGD model and layered this calculation with the management assessment of the portfolio. The company concluded, if the allowance is appropriate based on the economic assessment. The current economic environment of the country and the focused industries of the portfolio was discussed. Specific parameters/scenarios were not simulated. The assessment review was based on publications from Moody's and focuses on overall economic outlook, primarily including expected GDP growth or decline, and also on a particular industry within the country based on the portfolio concentration.

Adding a stress factor of 20% to the PD x LGD rates to assess potential impacts from the statistical model results in immaterial increase in provision.

The Company has decided to calculate only lifetime ECL and not 12 month ECL as it was impracticable to derive point-in-time probabilities of default. The Company therefore used current probabilities of default for lifetime ECL.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 2. Significant accounting estimates and assumptions (*continued*)

##### *Significant increase in credit risk ("SICR")*

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available) which is then incorporated into the internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

The Company determines a receivable may be considered a significant increase in risk if the current credit quality of the receivable carries an internal rating of GRMG 7 (further details are disclosed in Note 14). Default is defined as the point in time a client is added to the watch-list for credit risk tracking. The Company does not consider a past due status of 90 days as an indicator of default. The Company performs a monthly assessment of the financing receivables portfolio based on a number of factors including but not limited to exposure, credit risk, economic stability, disputes and past due status. Based on this review, the Company determines when a customer is in default.

##### *Business model assessment*

The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Company considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimising potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The Company assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Company's control, is not recurring and could not have been anticipated by the Company, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 2. Significant accounting estimates and assumptions (*continued*)

Currently the Company does not hold any financial instruments categorized as hold to collect and sell portfolio.

*Assessment whether cash flows are solely payments of principal and interest ("SPPI")*  
Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The Company identified and considered contractual terms that change the timing or amount of contractual cash flows. The SPPI criterion is met if a loan allows early settlement and the prepayment amount substantially represents principal and accrued interest, plus a reasonable additional compensation for the early termination of the contract. The asset's principal is the fair value at initial recognition less subsequent principal repayments, ie instalments net of interest determined using the effective interest method. As an exception to this principle, the standard also allows instruments with prepayment features that meet the following condition to meet SPPI: (i) the asset is originated at a premium or discount, (ii) the prepayment amount represents contractual par amount and accrued interest and a reasonable additional compensation for the early termination of the contract, and (ii) the fair value of the prepayment feature is immaterial at initial recognition.

The Company considered examples in the standard and concluded that features that arise solely from legislation and that are not part of the contract, that is, if legislation changed, the features would no longer apply (such as bail in legislation in certain countries), are not relevant for assessing whether cash flows are SPPI.

The Company do not have instruments that failed the SPPI test.

#### *Modification of financial assets*

When financial assets are contractually modified (e.g. renegotiated), the Company assesses whether the modification is substantial and should result in derecognition of the original asset and recognition of a new asset at fair value. This assessment is based primarily on qualitative factors, described in the relevant accounting policy and it requires significant judgment. There were no modifications of financial assets during neither current nor prior reporting period.

#### *Write-off policy*

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Determining the cash flows for which there is no reasonable expectation of recovery requires judgement. Management considered the following indicators that there is no reasonable expectation of recovery:

- start of liquidation or bankruptcy proceedings,
- fair value of collateral is less than the costs to repossess it or
- enforcement activities were completed.



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

**3. Finance income**

	2020	2019
	NOK'000	NOK'000
Operating lease income	6,327	13,675
Factoring income	5,951	19,156
Finance lease income	26,449	9,037
Interest income	2,048	782
Other operating income	1,751	2,081
	<u>42,526</u>	<u>44,731</u>

The income generated in 2020 is predominantly related to sources other than from contracts with customers.

For commercial financing, the interest for the extended period is fixed above Base rate.

Base Rate is the one month NIBOR rate published by Norges Bank on the first working day of a calendar month, the Base Rate will be changed to NIBOR appearing for the last working day of the previous calendar month. If at any time, NIBOR changes by 0.25% or more, the Base Rate will be changed by the same amount on the day of such change or the next following working day. In case of negative Base Rate a minimum Base Rate of 0 % will be used.

For client Financing, we operate with fixed interest rate.

**4. Finance costs**

	2020	2019
	NOK'000	NOK'000
Costs of operating leases	6,546	12,805
Costs of finance leases	-	-
Pension cost	68	70
Interest expense	4,403	7,204
Costs of other operating income	1,376	1,486
	<u>12,393</u>	<u>21,565</u>

IBM Finans Norge AS has loans with IBM International Treasury Services Unlimited Company (hereinafter referred to as "Treasury Centre"). The interest for In House Bank account is NIBOR IMND+0,15% and Customer financing term loans have fixed rate.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**5. Other expenses**

	2020	2019
	NOK'000	NOK'000
Employee expenses	8,785	7,255
Other expenses	7,181	9,335
Audit services (excl. VAT) - Statutory audit	292	240
	<u>16,258</u>	<u>16,830</u>

The employees at IBM Finans Norge AS have employment agreement with IBM Finans Norge AS. The average number of man-year employed in 2020 was 5 (2019: 5 man-year).



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**6. Income tax expense**

**(a) Analysis of charge / (credit) in the year**

In respect of the period:	2020	2019
	NOK'000	NOK'000
Current tax	4,156	1,794
Current tax - prior year adjustment	10	(441)
Other (interest on tax)	5	
Deferred tax - prior year adjustment (note 8)	-	404
Deferred tax (note 8)	(1,264)	(994)
Income tax expense /(credit)	<u>2,908</u>	<u>1,276</u>

**(b) Factors affecting tax charge / (credit)**

	2020	2019
	NOK'000	NOK'000
Profit before income tax	<u>13,816</u>	<u>6,163</u>
Tax at the domestic income tax rate of 22%	3,039	1,356
Movement of deferred tax in respect of change in tax rate in 2018	-	-
Prior year adjustment	17	(37)
Other	(148)	(43)
Total income tax expense (note 6(a))	<u>2,908</u>	<u>1,276</u>

**(c) Analysis of tax payable**

	2020	2019
	NOK'000	NOK'000
At 1 January	2,307	1,794
Payment to tax authorities	(2,324)	(1,353)
Charged / (credited) to income statement	4,166	1,866
Other	7	-
At 31 December	<u>4,156</u>	<u>2,307</u>



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**7. Finance receivables**

	12/31/2020	12/31/2019
	NOK'000	NOK'000
<b>Current</b>		
Commercial financing receivables	264,209	203,252
Finance lease receivables	33,079	56,075
Customer loans	667,017	116,450
	<u>964,305</u>	<u>375,777</u>
Less:		
Loss allowance (Note 14)	(1,621)	(1,160)
	<u>962,684</u>	<u>374,617</u>
<b>Non-current</b>		
Commercial financing receivables	-	-
Finance lease receivables	27,665	46,601
Customer loans	36,724	92,902
	<u>64,389</u>	<u>139,503</u>
Less:		
Loss allowance (Note 14)	(88)	(534)
	<u>64,301</u>	<u>138,969</u>

Finance lease receivables are for leases that relate principally to the company's equipment and are generally for terms ranging from one to six years (2019: two to seven years). Customer loans are provided by the company to clients to finance the purchase of IBM's software and services.

Finance lease and customer loan receivables include invoiced amounts not paid at the end of the year. The average contractual credit period on invoiced amounts is 0 to 30 days. Thereafter, interest is charged at market rates on the outstanding balance.

Before entering into a finance lease arrangement, the company undertakes a credit assessment on the proposed transaction, either through the IBM Credit Team or, for certain transactions of a lower size, a credit scoring system based on external credit agency information, to assess the customer's credit quality and define credit limits by customer. Credit limits for most customers are valid for no more than six months and are re-assessed if required to be extended. The balances on leases for hardware are usually secured over the leased equipment.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**7. Finance receivables (continued)**

Amounts receivable under finance leases	Minimum lease payments (“MLP”)		Present value of MLP	
	2020 NOK'000	2019 NOK'000	2020 NOK'000	2019 NOK'000
Not later than one year	42,402	54,663	39,995	51,005
Later than one year and not later than five years	13,590	44,499	12,821	42,367
Later than five years	-	135	-	121
			<b>52,816</b>	<b>93,493</b>
Add: Un-garanteed residual value	7,928	4,415		
Less: Unearned finance income	(3,176)	(5,805)		
Less: Provision for impairment	(446)	(477)		
	<b>60,298</b>	<b>97,430</b>		

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest contracted is approximately 5.63% per annum (2019: 4.67%). The finance lease receivables are effectively collateralised by the leased assets as the right to the asset reverts to the company in case of the counterparty's default. Such finance lease receivables are secured by hardware assets.

**8. Deferred tax**

*Movement in the deferred tax asset / (liability)*

	Retirement benefit NOK'000	Other NOK'000	Total NOK'000
At 1 January 2019	421	(271)	150
(Charged)/credited to I&E	57	533	590
(Charged)/credited to Other Comprehensive Income	44	-	44
At 31 December 2019	522	262	784
(Charged)/credited to I&E	164	1,100	1,264
(Charged)/credited to Other Comprehensive Income	158	-	158
At 31 December 2020	<b>844</b>	<b>1,362</b>	<b>2,206</b>

The recognition of deferred tax assets is determined by reference to the company's estimate of recoverability based on models to forecast future taxable profits.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 9. Loans and borrowings

	12/31/2020	12/31/2019
	NOK'000	NOK'000
Balance at the beginning of the period	260,835	725,799
New term loan	629,768	87,611
Principal payments	(491,517)	(122,107)
Loan due to related parties (overdraft)	511,322	(430,468)
Balance at the end of the period (Note 15)	<u>910,408</u>	<u>260,835</u>
Net interest payments (Note 3,4)	4,354	7,096

Customer financing term loans have fixed rate. Interest for In House Bank account is charged at variable rates based on NIBOR.

#### 10. Trade and other payables

	12/31/2020	12/31/2019
	NOK'000	NOK'000
Trade payables	443	27,572
Social Security and Other taxes	56,990	14,844
Other Payables	183	441
	<u>57,616</u>	<u>42,857</u>

#### 11. Share capital and shareholder information

	2020	2019
	NOK'000	NOK'000
Authorised, issued and fully paid shares		
45 000 ordinary shares of par value 1 000.01 NOK each	<u>45 000</u>	<u>45 000</u>

All shares have equal rights.

##### *Shareholder information*

IBM Finans Norge AS is a 100% owned subsidiary of IBM Global Financing Investments II B.V. located in Netherland. The company is located in Lakkegata 53, 0187 Oslo, Norway.

#### 12. Contingencies

At 31 December 2020, the company had no contingent liability in respect of bank guarantees.

#### 13. Events after balance sheet date

There were no material events after the balance sheet date.



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

**14. Financial instruments**

*Financial risk management*

The company is exposed to a variety of financial risks as a result of its operations that include the effects of changes in liquidity and interest rate risk, credit risk, market prices, and foreign exchange risk. The company has a strong risk management programme in place aligned to the programmes applied within the consolidated group of the company's ultimate parent company, International Business Machines Corporation.

*Capital risk management*

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of debt to related parties disclosed in note 15, and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in the statement of changes in equity.

*Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability, and equity instrument are disclosed in note 1 to the financial statements.

*Categories of financial items*

	Weighted average effective interest rate	12/31/2020 NOK'000	Weighted average effective interest rate	12/31/2019 NOK'000
<b>Financial assets</b>				
<i>Loans and receivables</i>				
<i>Interest bearing</i>				
Cash and cash equivalents	0.05	943	0.05	444
Receivables from related parties	4.37	145,885	2.55	42,360
Finance receivables	4.74	762,905	3.98	310,395
<i>Non-interest bearing</i>				
Finance receivables		264,080		203,191
Receivables from related parties		55,519		2,531
		<u>1,229,332</u>		<u>558,921</u>
<b>Financial liabilities</b>				
<i>Amortised costs</i>				
<i>Interest bearing</i>				
Loans and Borrowings	0.86	910,408	1.56	260,835
<i>Non-interest bearing</i>				
Payables to related parties		131,030		145,441
Trade and other payables (Note 10)		626		28,013
		<u>1,042,064</u>		<u>434,289</u>



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 14. Financial instruments (continued)

##### *Financial risk management objectives*

IBM's corporate treasury function provides funding and risk management services to the company. Risk management services are provided through the monitoring and management of financial risks relating to the operations of the company through internal risk reports addressing market risk (including currency risk and interest rate risk), credit risk, liquidity risk, and cash flow interest rate risk. This includes performing sensitivity analysis on market risks to determine the effect of changes in foreign exchange and currency rates on the company's financial performance and position.

##### *Foreign currency risk*

The company does not undertake any material transactions denominated in foreign currencies, hence no considerable exposure to exchange rate fluctuations arise.

##### *Credit risk management*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company carries out credit checks on potential customers before contracts are entered into. This information is supplied by independent rating agencies where available and, if not available, the company uses other publicly available financial information and its own trading records to rate the major customers. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management team annually. Cash balances held with the IBM Treasury Centre and IBM Global Financing Investments II B.V, which the directors assess as having high credit ratings.

Financial assets consist of a large number of customers and related parties, spread across diverse industries and geographical areas; however, the company has significant concentration of credit risk. The top five debtors represent 80 % (2019: 66 %) of the company's total loans and receivables. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Financing receivables are subject impairment criteria for expected credit losses.

The Company considers the probability of default upon the initial recognition of the receivable and whether there has been a significant increase in credit risk at each reporting period. The Company does not consider 30 days past due as an indicator for a significant increase in credit risk. The Company uses credit quality indicators which are based on rating agency data, publicly available information and information provided by customers and are reviewed periodically based on the relative level of risk. The resulting indicators are used to determine if there is a significant increase in credit risk and include a numerical rating system that maps to Moody's Investor Service credit ratings. The Company uses information provided by Moody's, where available, as one of many inputs in its determination of customer credit ratings.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**14. Financial instruments (continued)**

***Credit risk management (continued)***

The Company does not consider a past due status of 90 days as an indicator of default. The Company performs a monthly assessment of the financing receivables portfolio based on a number of factors including but not limited to exposure, credit risk, economic stability, disputes and past due status. Based on this review, the Company determines when a customer is in default.

A write-off represents a receivable that is deemed uncollectible to the extent that the customer is no longer in operation and/or there is no reasonable expectation of additional collections or repossession. The Company's assessments factor in the history of collections and write-offs across the trade receivables, contract assets and financing receivables portfolios.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9; however, the expected credit losses were immaterial based on calculation carried by Company, due to short-term nature of cash and cash equivalents and good credit ratings of financial institutions. All of the prior period balances were neither past due nor impaired.

*Credit risk grading system.* For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies two approaches – an internal risk based approach (GRMG) rating system or risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Corresponding internal ratings	Corresponding ratings of external international rating agencies (Moody's)	Corresponding PD interval (12 months)
[1]	Aaa to Aa3	0,012%
[2-3]	A1 to Baa3	0,078% - 0,179%
[4-5]	Ba1 to B1	0,465% - 0,999%
[6]	B2 to B3	3,052%
[7]	Caa to D	22,540%-100%



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

14. Financial instruments (continued)

*Credit risk management (continued)*

*Loan and lease receivables*

The following table represents the assumptions by credit risk rating grades for loan and lease receivables:

Credit Risk Rating	Company definition	Basis for recognition of ECL provision	Gross carrying amount	
			2020 NOK'000	2019 NOK'000
Aaa-Baa3	Customers that are investment grade and have a strong capacity to meet contractual cash flows	The Company applies 3 stage approach to loan receivables. If the difference between the Stage 1 12-month ECL and Stage 2 lifetime ECL is significant, a 12-month ECL is recorded, if immaterial a lifetime ECL is recorded. Lifetime ECL recorded for lease receivables	193,351	198,732
Ba1-D	Customer that are non-investment grade	The Company applies 3 stage approach to loan receivables. If the difference between the Stage 1 12-month ECL and Stage 2 lifetime ECL is significant, a 12-month ECL is recorded, if immaterial a lifetime ECL is recorded. Lifetime ECL recorded for lease receivables	571,134	113,296
Specific Impairment	Uncollectible	Partially impaired or asset is written off.	(420)	(835)

The following represents the analysis of credit risk exposure for finance receivables and the expected credit loss is recognised. The gross carrying amount also represents the maximum exposure to credit risk for financing receivables.

	31 December 2020		31 December 2019	
	Lease NOK'000	Loan NOK'000	Lease NOK'000	Loan NOK'000
Aaa-Baa3	12,223	181,128	47,800	150,932
Ba1-D	48,521	522,613	54,876	58,420
Specific Impairment	(343)	(78)	-	(401)
Gross carrying amount	60,401	703,663	102,676	208,951
Loss allowance for credit losses	(103)	(1,056)	(477)	(755)
Carrying amount	60,298	702,607	102,199	208,196



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**14. Financial instruments (continued)**

**Credit risk management (continued)**

The following represents the movement in loss allowance for loan receivables:

	Lifetime** ECL NOK'000	Impaired*** NOK'000	Total NOK'000
Loss allowance at 1 January 2019	725	-	725
Transfer from collectively evaluated to specific impairment	-	-	-
New loan receivables	30	539	569
Write-offs	-	-	-
Recoveries of previous written off amounts	-	-	-
Changes to model assumptions and other	-	(138)	(138)
Loss allowance at 31 December 2019	755	401	1,156
Transfer from collectively evaluated to specific impairment	-	-	-
New loan receivables	1,665	1	1,666
Write-offs	-	-	-
Recoveries of previous written off amounts	(1,220)	(382)	(1,602)
Changes to model assumptions and other	(144)	58	(86)
Loss allowance at 31 December 2020	1,056	78	1,134

\*\* Lifetime ECL represents the expected credit loss over the life of the asset.

\*\*\* Impaired assets are credit impaired at the reporting date as a result of significant increase of credit risk. These assets were not credit impaired upon purchase or origination.

The following represents the movement in loss allowance for lease receivables:

	Lifetime** ECL NOK'000	Impaired*** NOK'000	Total NOK'000
Loss allowance at 1 January 2019	449	(145)	304
Transfer from collectively evaluated to specific impairment	-	-	-
New lease receivables	28	7	35
Write-offs	-	-	-
Recoveries of previous written off amounts	-	-	-
Changes to model assumptions and other	-	138	138
Loss allowance at 31 December 2019	477	-	477
Transfer from collectively evaluated to specific impairment	-	-	-
New loan receivables	306	343	649
Write-offs	-	-	-
Recoveries of previous written off amounts	(490)	-	(490)
Changes to model assumptions and other	(190)	-	(190)
Loss allowance at 31 December 2020	103	343	446



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

14. Financial instruments (continued)

*Credit risk management (continued)*

- \*\* Lifetime ECL represents the expected credit loss over the life of the asset.
- \*\*\* Impaired assets are credit impaired at the reporting date as a result of significant increase of credit risk. These assets were not credit impaired upon purchase or origination.

*Commercial financing receivables*

The table below represents the analysis for commercial financing receivables for credit risk exposure. The gross carrying amount also represents the maximum exposure to credit risk for this asset.

	Commercial Finance Receivables	
	2020	2019
	NOK'000	NOK'000
Commercial Finance Receivables	264,209	203,252
Specific Impairment	(129)	-
Gross carrying amount	264,080	203,252
Loss allowance for credit losses	-	(61)
Carrying amount	<u>264,080</u>	<u>203,191</u>

Net impairment losses on financial assets balance visible in Statement of Profit or Loss and Other Comprehensive Income includes (54) thousand NOK impairment/credit loss related to customer financing receivables and 68 thousand NOK release related to commercial financing receivables. The commercial financing receivables are unrated.

Cash and cash equivalents includes cash at bank in the amount of 943 thousand NOK, rated Aa3 by Moody's (rating of 2019: Aa3).

A large part of the loans are covered by credit insurance. Credit insurance cover is against:

- *Insolvency* is where a business literally goes out of business.
- *Protracted default* is where we have unpaid AR 180-days past the invoice due date. It is unlikely a business will still be operating in 180-days if it is not paying its AR, as it would suggest a cash flow issue.

(i) Past due but not impaired finance receivables

Included in finance receivables balance are receivables with a carrying amount of NOK 181 618 thousand (2019: 79 972 thousand NOK) respectively which are past due at the reporting date but not impaired. The company considers that the amounts are still fully recoverable.



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

**14. Financial instruments (continued)**

*Credit risk management (continued)*

**Aging of past due but not impaired receivables**

	2020	2019
	NOK'000	NOK'000
0-90 days	181,543	79,385
91- 180 days	52	101
181- 365 days	23	412
over 365 days	-	74
	<u>181,618</u>	<u>79,972</u>

**Provision for impairment**

	2020	2019
	NOK'000	NOK'000
At 1. January	1,694	1,521
Impairment losses recognized	2,400	914
Amounts written off	-	-
Release of impairment	(2,385)	(741)
<b>At 31 December</b>	<u>1,709</u>	<u>1,694</u>

In determining the recoverability of finance receivables, the company considers any change in the credit quality of the receivables from the date credit was initially granted up to reporting date. The concentration of credit risk is limited due to the customer base being large and diverse. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for impairment of trade receivables.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

**Interest rate risk management**

The company is funded by the IBM Treasury Centre in Ireland and IBM Global Financing Investments II B.V. As the company invests or borrows cash balances, it operates in either a receivable or payable position. Interest is paid or earned on the daily balance using the variable one month interest rate as the base.

The company's exposures to interest rates on financial assets and financial liabilities are detailed in Categories of financial instruments table in this note.

The company performs sensitivity analysis to determine the effects from exposure to interest rates risk. For financial assets and liabilities exposed to interest rate risk, the analysis is prepared assuming the balances at the reporting date were outstanding for the whole year.

At the reporting date, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's net profit would decrease/increase by NOK 3 000 NOK (2019: decrease/increase by NOK 453 000). This is mainly attributable to the company's exposure to interest rates on borrowings and cash deposits.

**IBM Finans Norge AS****Notes to Financial Statements**

For the Year Ended 31 December 2020

**14. Financial instruments (continued)****Liquidity risk management**

The company is funded internally by the IBM Treasury Centre in Ireland. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through its agreements with the IBM Treasury Centre.

The company holds financial liabilities with contractual maturity within one year. The contractual maturity is based on the earliest date on which the company may be required to pay, however the function of the IBM Treasury Centre is to continuously support the operation and to secure that IBM Finans Norge AS meet their obligations as they fall due. The table below have been drawn up based on the undiscounted contractual cash flows of the financial liabilities including principal cash flows.

**Liquidity table**

2020	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>				
Cash and cash equivalents	943	-	-	943
Receivables from related parties	92,377	116,645	-	209,022
Finance receivables	975,866	65,877	-	1,041,743
	<b>1,069,186</b>	<b>182,522</b>	<b>-</b>	<b>1,251,708</b>
<b>Financial liabilities</b>				
Loans and Borrowings	843,407	68,405	-	911,812
Payables to related parties	131,030	-	-	131,030
Trade and other payables	626	-	-	626
	<b>975,063</b>	<b>68,405</b>	<b>-</b>	<b>1,043,468</b>
<b>2019</b>				
<b>Financial assets</b>				
Cash and cash equivalents	444	-	-	444
Receivables from related parties	17,700	30,957	-	48,657
Finance receivables	383,690	143,279	-	526,969
	<b>401,834</b>	<b>174,236</b>	<b>-</b>	<b>576,070</b>
<b>Financial liabilities</b>				
Loans and Borrowings	188,802	74,985	-	263,787
Payables to related parties	145,441	-	-	145,441
Trade and other payables	28,013	-	-	28,013
	<b>362,256</b>	<b>74,985</b>	<b>-</b>	<b>437,241</b>

**Fair value of financial instruments**

The fair values of financial assets and financial liabilities are determined as follows:

- Financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- Other financial assets and financial liabilities, excluding derivative financial instruments, are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management consider that the carrying amount of financial assets and financial liabilities in the financial statements approximate their fair values. There are no financial assets and/or liabilities that were already recognised at fair value through profit and loss.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 15. Related party transactions

Related parties include parent companies, entities under common control (‘group undertakings’), subsidiaries and key management personnel. The company enters into transactions with related parties in the ordinary course of business for the purchase or sale of services provided to and from related parties, purchase of investment from related parties, in relation to group funding arrangements with related parties and in relation to the factoring of trade receivables with related parties.

The company's immediate parent undertaking is IBM Global Financing investments II B.V which holds 100% of the shares and is registered in Netherlands.

The company's ultimate parent undertaking and controlling party is International Business Machines Corporation which is incorporated in the United States of America and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of this undertaking may be obtained from IBM Corporate Headquarters, 1 New Orchard Road, M/D 325, Armonk, New York 10504.

The following transactions were carried out with related parties:

Class of related party	Transaction type	2020	2019
		NOK'000	NOK'000
Other related undertakings	Sales	5,551	6,782
	Purchases	(509)	(776)
	Other expenses	662	621
	Interest paid	(4,403)	(7,204)
	Interest received	1,951	751



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**15. Related party transactions (continued)**

Details of the amounts receivable from, payable to and borrowing from related parties are set out below:

**Receivables from related parties**

	2020	2019
	NOK'000	NOK'000
Other related parties	201,404	44,891
	<u>201,404</u>	<u>44,891</u>

**Payable to related parties**

	2020	2019
Immediate parent	-	-
Other related parties	131,030	145,441
	<u>131,030</u>	<u>145,441</u>

**Loans due to related parties**

	2020	2019
	NOK'000	NOK'000
Other IBM group undertaking	910,408	260,835
	<u>910,408</u>	<u>260,835</u>

Customer financing term loans have fixed rate. Interest for In House Bank account is charged at variable rates based on NIBOR.

The amounts outstanding on these balances are unsecured and will be settled in cash. No guarantees have been given or received. Allowance for impaired receivables in relation to any outstanding balances is in amount NOK 44 thousand which has been recognized as expense in the current period for bad or doubtful debts in respect of the amounts owed by related parties.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**15. Related party transactions (continued)**

**Key management compensation**

The total remuneration of members of key management in respect of services to the company was as follows:

	2020	2019
	NOK'000	NOK'000
Short term employee benefits	2 949	1 549
Share based options	-	-
	<u>2 949</u>	<u>1 549</u>

Remuneration of CEO and Board of Directors' members was as follows:

	2020	
	CEO	Board of Directors
	NOK '000	NOK '000
Short term employee benefits	2 949	4 261
Pension cost	100	163
	<u>3 049</u>	<u>4 324</u>
	2019	
	CEO	Board of Directors
	NOK '000	NOK '000
Short term employee benefits	1 549	4 134
Pension cost	99	160
	<u>1 648</u>	<u>4 294</u>

The split between CEO's fixed salary and variable pay is as follows:

	2020	2019
	NOK'000	NOK'000
Variable pay	1 343	144
Fixed salary	1 536	1 309
Vacation pay	202	223
Deduction for vacation	(132)	(127)
	<u>2 949</u>	<u>1 549</u>

The CEOs variable pay is calculated twice a year from the value of new client financing contracts signed within 1st half and 2nd half of the year. Car allowance is NOK 6000 per month.

The fixed part is 55% of the on-target salary. The same model also applies to sellers in the company. The CEO has no termination benefits.



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

**16. Capital coverage**

		31.12.2020	31.12.2019
		NOK'000	NOK'000
Central Government		-	-
Regional Government		294	530
Public sector entities		2 490	17 781
Institutions		415 201	104 649
Corporate		233 764	230 973
Other		19 941	-
<b>RWA for Credit risk</b>		<b>671 690</b>	<b>353 933</b>
<b>RWA for Operational risk</b>		<b>47 577</b>	<b>64 966</b>
<b>Total Risk-weighted assets (RWA)</b>		<b>719 267</b>	<b>418 899</b>
Share Capital		45 000	45 000
Share Premium		64 218	64 218
Retained Earnings		16 657	6 267
<b>Common Equity Tier 1 capital</b>		<b>125 875</b>	<b>115 485</b>
+ Additional Tier 1 capital		-	-
<b>Tier 1 capital</b>		<b>125 875</b>	<b>115 485</b>
+Tier 2 capital		-	-
<b>Total Eligible capital</b>		<b>125 875</b>	<b>115 485</b>
<b>Requirements</b>			
<b>Pilar 1</b>			
- Credit-risk:	8 %	53 735	28 315
- Operational risk:	8 %	3 806	5 197
-Buffer:			
Capital conservation buffer	2,5 %	17 982	10 472
Countercyclical capital buffer	1% / 2,5%	7 193	10 472
System risk buffer	3 %	21 578	12 567
<b>Pilar 2 (2,6%)</b>	<b>2,6 %</b>	<b>18 701</b>	<b>10 891</b>
<b>Minimum Capital requirement</b>	<b>17,1% / 18,6%</b>	<b>122 995</b>	<b>77 915</b>
<b>Capital Surplus / (-) Deficit</b>		<b>2 881</b>	<b>37 570</b>
<b>Common Equity Tier 1 ratio (ren kjernekapital)</b>		<b>17,5 %</b>	<b>27,6%</b>
<b>Tier 1 capital ratio (Kjernekapital)</b>		<b>17,5 %</b>	<b>27,6%</b>
<b>Total capital ratio (Ansvarlig kapital)</b>		<b>17,5 %</b>	<b>27,6%</b>
<b>Leverage ratio (Uvektet kjernekapital)</b>		<b>9,7%</b>	<b>21,7%</b>

In addition to the minimum regulatory capital requirements, IBM Finans Norge AS seeks to maintain a management buffer of 1%.

IBM Fnans Norge AS is not giving any guarantees. Unutilized credit lines are included in the calculation of the capital ratios with a 20% conversion factor. A large part of the loans is covered by credit insurance, that qualifies as unfunded credit protection. Due to the strong growth in the Balance Sheet IBM Finans Norge AS was in breach with the minimum requirement in September 2020. The N-FSA was notified, and the company took action by reducing the portfolio in order to comply with the capital requirements.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**17. Retirement benefit obligations**

**Defined benefit plans**

The amounts recognised in the statement of financial position are determined as follows:

	31/12/20 NOK'000	31/12/19 NOK'000
Present value of funded defined benefit obligation	(11 269)	(10 615)
Fair value of plan assets	7 580	7 670
(Deficit) / Surplus of funded plan	(3 689)	(2 945)
Impact of minimum funding requirement /asset ceiling	-	-
<b>Net liability arising from defined benefit obligations</b>	<b>(3 689)</b>	<b>(2 945)</b>

The company operates a defined benefit pension plan, under which employees are entitled to defined benefits covering old age pension, disability pension, spouse pension and child pension for employees. Retirement age applicable under both plans is 67. The company's pension scheme meets the requirements of the law on compulsory occupational pension (Lov om obligatorisk tjenestepensjon).

The plan provides for pension benefits outlined above on pensionable earnings capped at twelve times the Social Security base amount. The plan is funded in IBM Konsern pensjonskasse, and is closed to new participants.

The present value of the defined benefit obligations, the related current service cost, and past service cost are measured using the projected unit credit method.

*Regulatory Framework*

IBM Konsern pensjonskasse operates in accordance with the law on occupational defined benefit pension (Lov om foretakspensjon) and is licensed by and operates under the supervision of the Financial Supervisory Authority of Norway (Finanstilsynet).

*Governance*

IBM Konsern pensjonskasse is legally separated from the company. The legal board of IBM Konsern pensjonskasse comprises four representatives appointed by International Business Machines AS, of which one independent representative and one representatives elected among the members. The legal board of the pension fund is fully responsible for operating the fund in compliance with applicable laws and regulations.

International Business Machines AS has established an investment board that gives guidance to the legal board on the management of the fund assets.

The fundamental objective of the defined benefit fund is the preservation of capital with sufficient growth to assure adequate resources to meet future obligations for the payment of benefits. Defined benefit funds are prudently managed and broadly diversified to achieve a reasonable rate of return with an acceptable level of risk.



## IBM Finans Norge AS

### Notes to Financial Statements

For the Year Ended 31 December 2020

#### 17. Retirement benefit obligations (*continued*)

##### *General risks*

The company's obligations under defined benefit plans which include direct payments to beneficiaries and statutory minimum funding requirements may significantly vary depending on number of market, economic, and demographic conditions, such as yields on government and corporate debt, return on plan assets invested in debt and equity securities as well as pooled funds, employee turnover and retiree mortality rates.

These risk factors may affect the Company's future cash outflows to fund its obligations, amounts of periodic benefit costs used in calculating net profit and re-measurement charges reported in other comprehensive income.

##### *Asset volatility*

The plan liabilities are calculated using a discount rate set based on covered corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

##### *Changes in bond yields*

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

##### *Inflation risk*

The pension obligations are not directly linked to inflation, but higher inflation may lead to higher liabilities as a result of higher salary increases. The majority of the plan assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation may also increase the deficit.

##### *Life expectancy*

The plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.



## IBM Finans Norge AS

## Notes to Financial Statements

For the Year Ended 31 December 2020

## 17. Retirement benefit obligations (continued)

The movement in the net defined benefit obligation over the year is as follows:

	2020 NOK'000	2019 NOK'000
<b>Present value of defined benefit obligation</b>		
At 1 January	(10 615)	(10 317)
Current service cost	-	-
Interest (expense) / income	(239)	(262)
Remeasurement:		
Actuarial gain / (loss) – experience	28	(46)
Actuarial gain / (loss) – financial assumptions	(899)	(436)
Actuarial gain / (loss) – demographic assumptions	-	-
Past service cost and gain / (loss) on settlements	-	-
Benefits paid		
Employer	-	-
Trust	456	446
Plan participants' contributions	-	-
Exchange differences	-	-
Acquired in business combination	-	-
Termination benefits	-	-
Other	-	-
At 31 December	<u>(11 269)</u>	<u>(10 615)</u>
<b>Fair value of plan asset</b>		
At 1 January	7 670	7 638
Interest (expense) / income	171	193
Remeasurement:		
Return on plan assets (excluding amounts included in interest (expense)/income)	195	285
Contribution:		
Employer	-	-
Plan participants	-	-
Benefits paid	(456)	(446)
Settlements	-	-
Exchange differences	-	-
Acquired in business combination	-	-
Other	-	-
At 31 December	<u>7 580</u>	<u>7 670</u>

*Plan Amendments, Curtailments and Settlements*

No plan amendments, curtailments or non-routine settlements have been incurred in 2020.



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**17. Retirement benefit obligations (continued)**

**Amounts recognized in the income statement:**

	2020 NOK'000	2019 NOK'000
Current service cost	-	-
Net interest cost on net liability (asset)	68	69
	<u>68</u>	<u>69</u>

**Amounts recognized in other comprehensive income:**

	2020 NOK'000	2019 NOK'000
Remeasurement (gains) / losses on plan assets	(195)	(285)
Remeasurement (gains) / losses on plan liabilities	871	482
Recognised during the year	<u>676</u>	<u>197</u>

IBM Konsern pensjonskasse invests plan assets in a prudent manner, with the target mix of 30% equities and 70% fixed income. Approximately 88% of investments are actively managed.

The table below analyses plan assets carried at fair value, by valuation method.

**The fair value and the composition of plan assets are as follows:**

	2020			Total	2019			Total
	Level 1	Level 2	Level 0		Level 1	Level 2	Level 0	
Equity								
Equity securities	1 138	-	-	1 138	1 000	-	-	1 000
Equity pooled funds	-	-	1 115	1 115	-	-	1 405	1 405
Fixed income								
Government securities	-	2 591	-	2 591	-	2 574	-	2 574
Corporate bonds	-	2 144	-	2 144	-	2 113	-	2 113
Insurance contracts	-	-	-	-	-	-	-	-
Cash and cash equivalents	44	(42)	375	377	82	24	292	398
Commingled/mutual funds	-	-	167	167	-	-	174	174
Derivatives								
Forwards	-	48	-	48	-	6	-	6
Futures	-	-	-	-	-	-	-	-
Accruals				<u>7 580</u>				<u>7 670</u>



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**17. Retirement benefit obligations (continued)**

There are no plan assets measured at Level 3 fair value.

The company does not hold any of its own transferable financial instruments, property occupied by or other assets used by it as plan assets.

*Significant Actuarial Assumptions*

	2020	2019
	%	%
Discount rate	1.70	2.30
Inflation assumption	1.70	2.00
Expected rate of salary increase / salary inflation rate	2.00	2.00
Expected future pension increases	2.00	2.00
Increase in social security base amount	2.00	2.00

The actuarial valuation incorporates mortality assumptions in line with the local experience of this and similar plans.

**Amount, Timing and Uncertainty of Future Cash Flow**

*Sensitivities*

The sensitivity analyses below have been determined based on reasonably possible changes in actuarial assumptions at the end of the reporting period while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The following table demonstrates increase (decrease) in defined benefit obligation and net liability resulting from a change in each actuarial assumption with all other variables held constant at the end of the reporting period.

	2020	2019
	NOK'000	NOK'000
<b>Discount rate - 0.25% assumed:</b>		
0.25% decrease	406	383
0.25% increase	(388)	(365)
<b>Mortality:</b>		
1 year increase in lifetime of participants	527	463
1 year decrease in lifetime of participants	(478)	(421)

Reasonably possible changes in other actuarial assumptions would not have material effect on the amount of defined benefit obligation and net liability.

*Expected Contributions*

The funding of the pension fund is based on the minimum cash contribution required to be in compliance with the requirements of the Law on occupational defined benefit pensions (Lov om foretakspensjon). The pension fund may be partly funded by excess return on fund assets, but is otherwise funded from cash generated by the company's operation.



**IBM Finans Norge AS**

Notes to Financial Statements

For the Year Ended 31 December 2020

**17. Retirement benefit obligations (continued)**

The expected contributions to pension funds and direct payments to retirees in 2021 are as follows:

	NOK'000
Contributions to pension funds	-
Direct payments for retirees	463
Expected employee cash outflow	<u>456</u>

*Maturity Profile*

The durations of defined benefit pension obligations at the end of the reporting period on 31 December 2020 was 13.04.

The expected maturity analysis of undiscounted defined benefit payments are as follows:

	31/12/20	31/12/19
	NOK'000	NOK'000
Not later than one year	463	456
Later than one year and not later than five years	2 300	2 237
Later than five years	8 513	8 015
	<u>11 276</u>	<u>10 708</u>



**IBM Finans Norge AS**

**Notes to Financial Statements**

**For the Year Ended 31 December 2020**

**18. Property, plant and equipment**

	<b>Equipment NOK'000</b>	<b>Leased Equipment NOK'000</b>	<b>Total NOK'000</b>
<b>Cost</b>			
At 1 January 2019	154	51,464	51,618
Additions	-	245	245
Disposals	(6)	(6,910)	(6,916)
Reclassification, transfers, other	(6)	(8,303)	(8,309)
At 31 December 2019	142	36,496	36,638
Additions	-	23	23
Disposals	-	(8,310)	(8,310)
Reclassification, transfers, other	(62)	(21,182)	(21,244)
At 31 December 2020	80	7,027	7,107
<b>Accumulated depreciation</b>			
At 1 January 2019	(154)	(24,599)	(24,753)
Additions	-	(11,416)	(11,416)
Disposals	6	5,659	5,665
Reclassification, transfers, other	6	6,914	6,920
At 31 December 2019	(142)	(23,442)	(23,584)
Additions	-	(5,467)	(5,467)
Disposals	-	5,710	5,710
Reclassification, transfers, other	62	18,316	18,378
At 31 December 2020	(80)	(4,883)	(4,963)
<b>Net book value</b>			
At 31 December 2020	-	2,144	2,144
At 31 December 2019	-	13,054	13,054



**IBM Finans Norge AS**

**Appendix**

**For the Year Ended 31 December 2020**

**Appendix: Abbreviations**

Abbreviations used in this publication are set out below:

AC	Amortised cost
EAD	Exposure at default
ECL	Expected credit loss
FVOCI	(Financial assets/liabilities at) fair value through other comprehensive income
FVTPL	(Financial assets/liabilities at) fair value through profit or loss
GRMG	Global Risk Management Group
IASB	International Accounting Standards Board
IDC	Initial direct costs
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LGD	Loss given default
NIBOR	Norwegian Interbank Offered Rate
PD	Probability of default
ROU	Right-of-use
SICR	Significant increase in credit risk
SPPI	Solely Payments of Principal and Interest



**IBM Finans Norge AS**

**Independent Auditors' Report**

**For the Year Ended 31 December 2020**

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**SIGNATURES**

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Tämä asiakirja sisältää 52 sivua ennen tätä sivua  
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**UNDERSKRIFTER****SIGNATURER**

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**UNDERSKRIFTER****Søren Gert Christiansen**

5ac8f552-2c08-4c91-8def-76fb7e35d636 - 2021-03-29 17:42:53 UTC +03:00  
NemiID - 1210336e-5dea-47cd-9ba8-7223322a3800 - DK

**Asbjørn Søgstad**

24e985ba-59c5-448d-a058-427e81e81c71 - 2021-03-29 17:52:10 UTC +03:00  
BankID - 57bf98ca-5e64-48da-a295-01a9e52009f5 - NO

**Trond Erik Steine**

92f2ea27-f9ba-46d2-9339-6353ed4d9714 - 2021-03-29 17:56:18 UTC +03:00  
BankID - 392a533c-889a-4b75-9712-c11e98abed59 - NO

**Eric Eliasson Mats**

1340c74f-1f50-401d-85b2-1ecd4513ec88 - 2021-03-29 17:58:18 UTC +03:00  
BankID - 43f44375-3f3a-43da-89ab-1f0bfc85633b - SE

**Henrik Adrian Visser**

bd6f2161-92c5-4bda-aadf-8b654cd7af7e - 2021-03-29 17:58:20 UTC +03:00  
NemiID - cccf4547-4b0b-42ec-b87b-d153b95e250e - DK

**Emil Stampe**

8a66b7f0-9d0b-47ca-84f3-c2d0cc839af3 - 2021-03-29 18:30:53 UTC +03:00  
BankID - bd8f5f86-ec0e-4567-b01b-16f7cd4bca0b - NO

authority to sign  
representative  
custodial

asemavaltuuus  
ni/menkirjoitusoikeus  
huoltaja/edunvalvoja

ställningsfullmakt  
firmateckningsrätt  
förvaltare

autoritet til å signere  
representant  
foresatte/verge

myndighed til at underskrive  
repræsentant  
frihedsberøvende

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To the General Meeting of IBM Finans Norge AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of IBM Finans Norge AS, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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.

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#### *Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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, 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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and  
authorised accounting firm*



Independent Auditor's Report - IBM Finans Norge AS



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*Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

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The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view 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*

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted 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. We 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

(2)



Independent Auditor's Report - IBM Finans Norge AS



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 a true and fair view.

We communicate with the Board of Directors 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 and the going concern assumption 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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 March 2021  
**PricewaterhouseCoopers AS**

Stig Arild Lund  
State Authorised Public Accountant

(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

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**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Lund, Stig Arild	BANKID_MOBILE	2021-03-29 17:37



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