



collector

INTERIM REPORT
JANUARY-SEPTEMBER 2020

Interim report January-September 2020

THIRD QUARTER OF 2020 (COMPARED TO THE THIRD QUARTER OF 2019)

- The loan portfolio amounted to SEK 30,146 million (30,577)
- Total income amounted to SEK 525 million (528)
- The C/I ratio amounted to 38.0% (39.6)
- Profit before credit losses amounted to SEK 326 million (319)
- The credit loss level amounted to 2.8% (1.4). Revised assumptions regarding provisioning for expected credit losses from 1 January 2020 affect comparability
- Operating profit amounted to SEK 117 million (217)
- Net profit amounted to SEK 89 million (164) and earnings per share amounted to SEK 0.43 (1.60)
- The CET1 ratio amounted to 13.8% (11.4) and the total capital ratio amounted to 15.8% (14.2)

JANUARY-SEPTEMBER 2020 (COMPARED TO JANUARY-SEPTEMBER 2019)

- The loan portfolio amounted to SEK 30,146 million (30,577)
- Total income amounted to SEK 1,562 million (1,540)
- The C/I ratio amounted to 41.7% (41.4) and the adjusted C/I ratio amounted to 40.7%
- Profit before credit losses amounted to SEK 911 million (903) and adjusted profit before credit losses amounted to SEK 926 million
- The credit loss level amounted to 2.9% (1.3) and the adjusted credit loss level amounted to 2.7%
- Operating profit amounted to SEK 263 million (628) and adjusted operating profit amounted to SEK 328 million
- Net profit amounted to SEK 196 million (481) and earnings per share amounted to SEK 1.27 (4.68)
- The CET1 ratio amounted to 13.8% (11.4) and the total capital ratio amounted to 15.8% (14.2)

SIGNIFICANT EVENTS DURING THE PERIOD

- The Swedish Financial Supervisory Authority informed that the assignment of the appointed auditor regarding credit loss provisioning within Collector's corporate segment has been completed and closed
- Rearrangements to the income statement have been made in connection with this interim report and were communicated through a press release on 8 October 2020. See note K2 and K17

HIGHLIGHTS THIRD QUARTER OF 2020 (COMPARED TO THE THIRD QUARTER OF 2019)

LOAN PORTFOLIO 30 September 2020	30,146 SEK MILLION	-1%	TOTAL INCOME July–September 2020	525 SEK MILLION	-1%
C/I RATIO July–September 2020	38.0%	-1.6 percentage points	PROFIT BEFORE CREDIT LOSSES July–September 2020	326 SEK MILLION	+2%
NET PROFIT July–September 2020	89 SEK MILLION	-46%	CET1 RATIO 30 September 2020	13.8% percentage points	+2.4

THIS IS COLLECTOR

Collector is a challenger bank that offers financing solutions to private and corporate customers. Within the Private segment, the company offers lending to private individuals, invoice and payments by instalments to e-commerce and retail companies, credit cards and deposit accounts. The Corporate segment includes real estate lending, factoring and corporate lending directed mainly at small- and medium-sized enterprises and handling of portfolios of overdue receivables. The company has offices in Gothenburg (head office), Stockholm, Helsinki, Turku and Oslo. Collector AB (publ) is listed on Nasdaq Stockholm.

KEY RATIOS

Key ratios*, Group, SEK million	Q3 2020	Q2 2020	Δ	Q3 2019	Δ
INCOME STATEMENT					
Net interest income	446	461	-3%	437	2%
Total income	525	562	-6%	528	-1%
Net profit	89	76	18%	164	-46%
Earnings per share before dilution, SEK	0.43	0.37	18%	1.60	-73%
Earnings per share after dilution, SEK	0.43	0.37	18%	1.60	-73%
BALANCE SHEET					
Loans to the public	30,146	28,970	4%	30,577	-1%
Deposits and borrowings from the public	28,385	29,413	-3%	27,287	4%
Debt securities in issue	268	100	168%	2,915	-91%
Subordinated liabilities	995	995	0%	994	0%
Total equity	4,666	4,578	2%	3,959	18%
KEY RATIOS					
Net interest margin (NIM) - Period	6.0%	6.3%		5.8%	
Net interest margin (NIM) - LTM	5.7%	5.9%		6.2%	
Credit losses, net - Period	2.8%	3.2%		1.4%	
Credit losses, net - LTM	5.2%	5.0%		1.5%	
C/I ratio - Period	38.0%	40.8%		39.6%	
C/I ratio - LTM	47.6%	47.9%		40.9%	
Return on equity (RoE) - Period	7.7%	6.7%		16.9%	
Return on equity (RoE) - LTM	Neg.	Neg.		17.4%	
CET1 ratio ¹⁾	13.8%	13.8%		11.4%	
Tier 1 ratio ¹⁾	14.7%	14.7%		12.7%	
Total capital ratio ¹⁾	15.8%	15.9%		14.2%	
Average number of full-time employees	316	325	-3%	371	-15%

* Some key ratios have not been prepared in accordance with IFRS but are believed to facilitate the analysis of the Collector Group's development. See Definitions, p. 9.

1) Refers to the consolidated situation. See note K12, pp. 21-23.

KEY RATIOS CONT.

Key ratios*, Group, SEK million	Jan-Sep 2020	Jan-Sep 2019	Δ	FY 2019
INCOME STATEMENT				
Net interest income	1,318	1,258	5%	1,677
Total income	1,562	1,540	1%	2,193
Net profit	196	481	-59%	-8
Earnings per share before dilution, SEK	1.27	4.68	-73%	-0.08
Earnings per share after dilution, SEK	1.27	4.68	-73%	-0.08
BALANCE SHEET				
Loans to the public	30,146	30,577	-1%	29,880
Deposits and borrowings from the public	28,385	27,287	4%	29,454
Debt securities in issue	268	2,915	-91%	2,599
Subordinated liabilities	995	994	0%	994
Total equity	4,666	3,959	18%	3,467
KEY RATIOS				
Net interest margin (NIM) - Period	5.9%	5.9%		6.0%
Net interest margin (NIM) - LTM	5.7%	6.2%		6.0%
Credit losses, net - Period	2.9%	1.3%		4.3%
Credit losses, net - LTM	5.2%	1.5%		4.3%
C/I ratio - Period	41.7%	41.4%		47.4%
C/I ratio - LTM	47.6%	40.9%		47.4%
Return on equity (RoE) - Period	6.4%	17.2%		Neg.
Return on equity (RoE) - LTM	Neg.	17.4%		Neg.
CET1 ratio ¹⁾	13.8%	11.4%		10.3%
Tier 1 ratio ¹⁾	14.7%	12.7%		11.8%
Total capital ratio ¹⁾	15.8%	14.2%		13.3%
Average number of full-time employees	324	376	-14%	373

* Some key ratios have not been prepared in accordance with IFRS but are believed to facilitate the analysis of the Collector Group's development. See Definitions, p. 9.

1) Refers to the consolidated situation. See note K12, pp. 21-23.

"Stable quarter with increased activity within the Corporate segment."

A comment from our CEO

Summary of the third quarter

The third quarter has passed, and we are closing in on the end of the year. 2020 has so far been an eventful year for Collector and the world is still largely characterized by great uncertainty amid COVID-19. Looking at the third quarter in isolation, the business has had a stable development with early signs of recovery within the Corporate segment.

The loan book has increased by 4% during the quarter. We have maintained a deliberately cautious approach with regards to volume development within the Private segment. The Corporate segment has had a higher transaction activity than during the first half of the year and we see continued solid demand from both new and existing customers. First and foremost, we have selectively taken advantage of attractive opportunities at limited risk within real estate lending.

The net interest margin continues to show a positive underlying development during the third quarter, especially with regards to the positive seasonality during the previous quarter. We are also pleased that the distribution of personal loans through own channels continues to increase and it has consistently been around 15-20% over the past months. The cost base is seasonally low during the third quarter. We are happy that there are early indications of an improved underlying cost base.

The current profitability level is still not satisfactory, but we are pleased that return on equity has increased during the quarter. Our efforts to increase profitability continues across the entire company.

Lastly, during the quarter we have also made some rearrangements to items in the income statement which affect our financial reporting. The adjustments do not affect neither the business nor the net profit, but certain key ratios are affected. We make these changes to increase comparability with other companies on the market.

The Swedish Financial Supervisory Authority has closed the review of credit loss provisioning within the Corporate segment

On 12 February 2020 the Swedish Financial Supervisory Authority informed that it, as part of its supervision, had appointed an auditor to conduct a review of Collector Bank AB. The appointment is a result of our announcement in the beginning of the year of, among other, the extra provisioning for credit losses and that the bank's own funds temporarily fell below the applicable capital buffer requirement. The auditor has focused on credit loss provisioning within our Corporate segment. We are pleased that the Swedish Financial Supervisory Authority during the quarter has informed us that the assignment of the appointed auditor has been completed and that the case has been closed. We believe this demonstrates that we have well-functioning processes and routines in place. However, this is constant work and we naturally always strive towards further development and improvement of our routines and processes.

Continued streamlining – Collector Ventures expected to be divested during the first quarter of 2021

By the end of 2019 we divested our Swedish third-party debt collection business Colligent. In January 2020 we decided to discontinue our residential mortgage business and unprofitable apps. We now continue the streamlining of Collector. In September 2020 we entered into an agreement to divest our entire holding in Collector Ventures to NFT Ventures that co-founded the investment business in 2016. Collector Ventures has grown to include 26 portfolio companies and we are pleased that NFT Ventures as co-founder of the business is taking over as sole owner to continue this journey. We expect the transaction to close during the first quarter of 2021, but it requires approval from the Swedish Financial Supervisory Authority due to ownership restrictions in some of the portfolio

companies. We have now executed on the streamlining initiatives that were communicated in the beginning of the year.

Update regarding COVID-19

The world is still largely characterized by COVID-19 and Collector is still one of the companies that to this date has coped well. As previously communicated, we have had an even further selective approach towards new business opportunities, both within the Corporate and the Private segment, given the uncertain macroeconomic environment. Consequently, volumes within factoring and corporate lending have decreased. However, we have seen early signs of recovery towards the end of the quarter. The Private segment remains largely unchanged, but we follow the development of payment patterns closely.

We are pleased that there are certain positive indications with regards to our efforts of increasing profitability, but we are humble regarding the future given COVID-19. Lower business volumes and higher credit losses are possible risks we see going forward. Hence, we continue to have close dialogues and frequent follow-ups with our customers. I have, together with the rest of the organization and the Board, ongoing follow-ups to monitor the development within our business as well as the macroeconomic environment at large.

Martin Nossman

Martin Nossman
CEO

The Group's development

Total income for the third quarter 2020

Total income amounted to SEK 525 million (528) corresponding to a decrease of 1% compared to the corresponding quarter last year. Net interest income increased by 2% compared to the previous year and amounted to SEK 446 million (437). Net interest margin amounted to 6.0% (5.8) compared to 6.3% in the last quarter which was seasonally strong. Net commission income decreased by 27% compared to last year and amounted to SEK 64 million (88). Net gains and losses on financial items amounted to SEK -2 million (-2). Other income amounted to SEK 17 million (5).

The business has had a positive development compared to the third quarter of 2019. Real estate and corporate lending have contributed strongly while the divestment of Colligent Inkasso AB has had a negative impact on total income.

Total income for the period January-September 2020

Total income amounted to SEK 1,562 million (1,540) during January-September 2020, corresponding to an increase of 1% compared to last year. Net interest income increased by 5% during January-September 2020 compared to last year and amounted to SEK 1,318 million (1,258). Net commission income amounted to SEK 223 million (259) during January-September 2020, corresponding to a decrease of 14% compared to last year. Net gains and losses on financial items amounted to SEK -5 million (7). Other income amounted to SEK 25 million (17).

Total expenses

Total expenses amounted to SEK 651 million (637) during January-September 2020, of which SEK 200 million (209) pertain to the third quarter. Total expenses were negatively affected by non-recurring items of SEK 15 million consisting of consultancy costs during the first quarter of 2020. Some of these costs adhere to the Swedish Financial Supervisory Authority's review of Collector. In 2020 a revised method for capitalizing IT investments was implemented which implies that a larger share of IT investments are expensed upfront.

The C/I ratio amounted to 41.7% (41.4) for the period January-September 2020 and to 38.0% (39.6) in the third quarter of 2020. The C/I ratio amounted to 40.7%, adjusted for non-recurring items, for the period January-September 2020 and the C/I ratio of 38.0% in the third quarter of 2020 is unadjusted. Costs during the third quarter are seasonally low but there are early indications of an improved underlying cost base. The work of analyzing costs within the company is continuing and we see further needs to lower the cost base.

Loan portfolio

The total loan portfolio amounted to SEK 30,146 million (30,577) by the end of the third quarter, corresponding to a decrease of 1% compared to last year and an increase of 4% compared to the previous quarter. Collector continues to carefully follow the development of COVID-19 and its impact on the operations. The risk level is still elevated but the third quarter has shown increased customer activity, primarily within the Corporate segment, and higher lending volumes at attractive risk. The loan portfolio of the Private segment has decreased by 6% compared to the previous year and remains unchanged compared to the previous quarter. The loan portfolio of the Corporate segment has increased by 2% compared to the previous year and by 8% compared to the previous quarter. Out of the total loan portfolio, the Corporate segment's share amounts to 54% (52) and the Private segment's share amounts to 46% (48).

Credit losses

From 1 January 2020 the assumptions regarding provisioning for expected credit losses have been revised and, as previously communicated, reported credit losses were expected to have amounted to approximately 2.0% of average lending to the public in 2019, should the new assumptions for provisioning for expected credit losses have been applied during 2019. The credit loss level for January-September 2020 amounted to 2.9% (1.3) and to 2.8% (1.4) for the third quarter of 2020. Credit losses for the period January-September 2020 were negatively affected by the extra provisioning for expected credit losses of SEK 50 million given the uncertain macroeconomic environment amid COVID-19. Adjusted for the extra provisioning credit losses amounted to 2.7% for January-September 2020 and the credit loss level of 2.8% for the third quarter of 2020 is unadjusted. Credit losses during the second and third quarters of 2020 have also been negatively affected by value adjustments of purchased debt portfolios that were acquired during 2018 of SEK 51 million and SEK 10 million, respectively. The credit loss level for the underlying banking operations is presented in the table below.

Credit losses, net (%)

	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
Reported	2.8%	1.4%	2.9%	1.3%
Reported, adjusted for non-recurring items	2.8%	1.4%	2.7%	1.3%
Reported, excl. purchased debt portfolios	2.7%	1.4%	2.6%	1.4%
Reported, excl. purchased debt portfolios, adjusted for non-recurring items	2.7%	1.4%	2.4%	1.4%

Profit before credit losses, operating profit and net profit

Profit before credit losses amounted to SEK 911 million (903) during January-September 2020 and to SEK 326 million (319) for the third quarter of 2020. Profit before credit losses, excluding non-recurring items, amounted to SEK 926 million for the period January-September 2020 while profit before credit losses of SEK 326 million for the third quarter of 2020 is unadjusted. Profit before credit losses was negatively affected by non-recurring items of SEK 15 million consisting of consultancy costs during the first quarter of 2020. Operating profit amounted to SEK 263 million (628) for the period January-September 2020 and to SEK 117 million (217) during the third quarter of 2020. Adjusted operating profit, excluding non-recurring items, amounted to SEK 328 million during January-September 2020 and operating profit of SEK 117 million for the third quarter is unadjusted. Operating profit was negatively affected by non-recurring items of SEK 65 million, consisting of consultancy costs and the extra credit loss provisioning, in the first quarter of 2020. Net profit amounted to SEK 196 million (481) for January-September 2020 and to SEK 89 million (164) in the third quarter of 2020. Earnings per share amounted to SEK 1.27 (4.68) for January-September 2020 and to SEK 0.43 (1.60) in the third quarter of 2020. The number of shares increased from 102,690,502 to 205,381,004 in the first quarter of 2020 as a result of the rights issue that was carried out during the same period.

Non-recurring items

Non-recurring items are defined as income and expenses that are not expected to appear on a regular basis. Non-recurring items consisting of consultancy costs of SEK 15 million and an extra credit loss provisioning of SEK 50 million, SEK 65 million in total, were recorded in the first quarter of 2020. There were no non-recurring items in the second or third quarters of 2020.

Liquidity and financial investments

As at 30 September 2020, cash and cash equivalents amounted to SEK 2,853 million (3,525). Collector's excess liquidity is invested in Swedish municipal bonds, covered bonds, government issued securities and deposit accounts primarily with Nordic banks. At the end of the period, the group's financial investments amounted to SEK 1,545 million (1,362). Other assets amounted to SEK 354 million (11). The increase during the quarter is primarily driven by seized properties for protection of claims.

Collector Ventures

On 10 September 2020 Collector entered into an agreement to divest its entire holding in Collector Ventures, which manages Collector's investment business focusing on fintech, to NFT Ventures for SEK 330 million on a cash and debt free basis. The transaction is expected to close during the first quarter of 2021 and is subject to approval from the Swedish Financial Supervisory Authority due to ownership restrictions in some of the portfolio companies of Collector Ventures. The divestment is expected to have a limited effect on Collector's result and financial position.

Funding

Deposits and borrowings from the public amounted to approximately 81% (75) of Collector's balance sheet, which by the end of the period amounted to SEK 28,385 million (27,287). This is the primary source of funding for the Group. Commercial paper, and other, issued amounted to SEK 268 million (2,115). Unutilized credit facilities amounted to SEK 800 million.

Capital adequacy

Collector has received permission from the Swedish Financial Supervisory Authority to include net profit for the period in own funds. A review of the net profit for the period of Collector Bank AB and the consolidated situation has been performed, and Collector has been allowed to include net profit in the Common Equity Tier 1 capital. Collector has previously issued two hybrid capital instruments consisting of an Additional Tier 1 bond and a Tier 2 bond. The Tier 1 instrument of SEK 500 million meets the conditions for being accounted for as Tier 1 capital in own funds. Consolidated own funds may only include issued Tier 1 capital instruments in the proportion required to cover Collector Bank AB's capital requirement. Tier 1 capital contributions allowed to be included amounts to SEK 303 million. The Tier 2 capital instrument is subject to corresponding rules regarding inclusion in consolidated own funds. Tier 2 capital included amounted to SEK 379 million. At the end of the period, the risk-weighted exposure amount was SEK 33,814 million (32,849). As at 30 September 2020 the CET1 ratio amounted to 13.8% (11.4), the Tier 1 ratio to 14.7% (12.7) and the total capital ratio to 15.8% (14.2).



DEVELOPMENT IN THE PRIVATE SEGMENT

Continued cautious development amid COVID-19

The loan portfolio of the Private segment amounted to SEK 13,860 million (14,672) corresponding to a decrease of 6% compared to the previous year and the loan book remains largely unchanged compared to the previous quarter. The development is a result of the strategy of maintaining balanced growth. Our reduced risk appetite also remains given the uncertain macroeconomic environment amid COVID-19. The Private segment accounts for 46% (48) of the total loan portfolio. Total income amounted to SEK 291 million (279) and operating profit amounted to SEK 24 million (81). The net interest margin (NIM) amounted to 6.6% compared to 5.9% in the previous year and 6.8% in the previous quarter. The decrease between the quarters is mainly attributable to seasonality.

Consumer

New sales of personal loans have decreased during the quarter and we continue the efforts of increasing profitability. We continue to see positive results of our efforts of increasing new sales through own channels and enhancing the customer experience. 15-20% of new sales has been through own channels during the quarter.

This is a long-term focus area and we see further potential to increase the share of new sales through own channels from the current level. Card issuance has had a stable development and we have approximately 25,000 credit cards outstanding.

Payments

Payments continues to display strong volume growth and transaction volumes amounted to SEK 2,600 million during the quarter, corresponding to an increase of 53% compared to the previous year. Several of our e-retailers have been positively affected by COVID-19 which has contributed to the volume growth. The strategy of focusing on larger merchants has paid off as we see strong volume growth whilst the number of merchants is decreasing. We have successfully gone live with several partnerships, Branäs and Royal Design to name a few, which have started to generate volumes during the third quarter and we expect increased volumes during the upcoming quarters.

Consumer

- 39% of the total loan portfolio
- Loans of up to SEK 500,000 in Sweden
- Loans of up to EUR 25,000 in Finland
- Loans of up to NOK 250,000 in Norway
- 65,000 personal loan customers
- SEK 125,000 average loan
- SEK 140,000 average new lending during the quarter
- 25,000 cards outstanding
- Average customer (Personal loans)
 - Average age: 50 years
 - Average salary: SEK 350,000
 - Women/men: 56%/44%

Payments

- 7% of the total loan portfolio
- Invoice, account and payments by instalments for e-commerce companies and retail chains
- Agreements with approximately 650 merchants
- 2,400,000 end customers (LTM)
- 6,300,000 end customers in the database
- SEK 1,200 average ticket size

Savings accounts

- Savings accounts in Sweden, Finland and Germany
- 145,000 savings accounts (own and through partnerships)
- Average savings approximately SEK 200,000



DEVELOPMENT IN THE CORPORATE SEGMENT

Increased demand and early signs of recovery

The loan portfolio of the Corporate segment amounted to SEK 16,286 million (15,905), corresponding to an increase of 2% compared to the previous year and an increase of 8% compared to the previous quarter. During the first half of 2020 we experienced a lower transaction activity but during the third quarter we have seen a slight recovery and overall demand has increased within the segment. We have therefore selectively taken advantage of attractive opportunities at limited risk during the quarter. Going forward, our focus remains on maintaining balanced growth and we maintain the cautious approach with reduced risk appetite given the uncertain macroeconomic environment amid COVID-19. The Corporate segment accounts for 54% (52) of the total loan portfolio. Total income amounted to SEK 234 million (235) and operating profit amounted to SEK 148 million (184). The net interest margin (NIM) amounted to 5.5% compared to 5.7% in the previous year and 5.8% in the previous quarter. The decrease between the quarters is mainly attributable to an increase of the loan book by the end of the quarter.

Factoring and corporate lending

The loan portfolio of factoring and corporate lending remains largely unchanged compared to the previous quarter. By the end of the quarter we have seen early signs of recovery within factoring. We continue to have close dialogues and frequent follow-ups with our customers to early try to identify possible effects of COVID-19 and see how we can support our customers within the frame of our business relationships.

Real estate lending

Demand within real estate lending has been good during the year and during the third quarter the loan book has seen a strong increase compared to the previous quarter. We have had a good mix between commercial and residential property during the quarter. Transaction volumes have been high during the quarter and solid demand remains.

Factoring and corporate lending

- 19% of the total loan portfolio
- Focus on the SME segment in Sweden, Norway and Finland
- SEK 30 million average loan
- 15 months remaining maturity

Real estate lending

- 31% of the total loan portfolio
- Metropolitan areas and university cities in the Nordic countries
- SEK 65 million average loan
- 21 months remaining maturity
- Senior/junior loans: 55%/45%
- Lending to residential property developers accounts for less than 1% of the total loan portfolio

Purchased debt

- 3% of the total loan portfolio
- No further acquisitions of NPL portfolios to be carried out

Other information

Material risks and uncertainty factors

Through its operations, Collector is exposed to several different risks: primarily credit risk, market risk (currency risk and interest rate risk), liquidity and financing risks as well as operational risk and other business risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimize potentially unfavorable influences on the Group's financial results. Risk management is handled by the Group's management team according to policies established by the Board of Directors. The Board establishes written policies for overall risk management and for specific areas such as currency risk, interest rate risk, credit risk, operational risk and the use of derivatives and similar financial instruments.

The Group's risk structure and its risk, liquidity and capital management are described in Collector's Annual Report. Please also see the COVID-19 section below. There have been no significant changes since, except as reported in this interim report.

COVID-19

COVID-19 may result in negative economic consequences for Collector. Even if the company as of today has not experienced any significant negative consequences, there is a significant risk for changed behavior among both private and corporate customers which in turn may affect the demand for the company's products as well as lead to lower ability to pay. It is not yet possible to predict how large and prolonged the macroeconomic consequences will be of COVID-19, and consequently its impact on Collector. Given the risk that Collector may become negatively affected the Board decided upon an extra credit loss provisioning during the first quarter of 2020. Collector has also had an even further selective approach towards new business opportunities during the first three quarters of the year with the purpose of managing the risk profile amid COVID-19. Collector monitors and analyzes the development closely and has an increased readiness to ensure fully functional operations.

The consolidated situation

The Parent Company, Collector AB (publ), is part of a consolidated situation that includes the subsidiaries Collector Bank AB, Collector Payments AB, Collector Payments Finland Oy, Colligent Norge AS, Collector Ventures 1 KB, Ledaren Fastigheter i Norrköping AB and Norrplint Fastigheter AB. All companies are fully consolidated. The entire consolidated situation is under the supervision of the Swedish Financial Supervisory Authority, and is subject to the regulations regarding governance, risk control, capital adequacy and large exposures applicable to credit institutions.

Employees

During the quarter, the average number of full-time employees (FTE) amounted to 316 corresponding to a decrease of 15% compared to the previous year mainly driven by the divestment of Colligent Inkasso AB. The number of full-time employees includes employees on fixed-term contracts, but not on parental leave or a leave of absence.

Parent Company

The Parent Company is a holding company. Net sales for the period January–September 2020 amounted to SEK 60 million (68) and pertains to intra-Group administrative services. Net profit for the period January–September amounted to SEK -10 million (-8). As of 30 September 2020, the Parent Company's cash and bank balances amounted to SEK 4 million (3), and equity amounted to SEK 2,430 million (1,230).

The Collector share

Collector's share ("COLL") is listed on Nasdaq Stockholm. As at 30 September 2020, the closing price for the Collector share was SEK 14.48, corresponding to a market capitalization of SEK 3.0 billion. There were approximately 10,800 shareholders at the end of the period.

Shareholders as per 30 September 2020

Shareholder	%
Fastighets AB Balder	44.1%
StrategiQ Capital AB	13.2%
SEB Life International	6.4%
Lena Apler	4.6%
Erik Selin	4.2%
Avanza Pension	2.2%
SEB AB	1.5%
Vante AB	1.4%
Handelsbanken Liv	1.0%
SEB Life International	0.8%
Other shareholders	20.6%
Total	100.0%

Share capital

As of 30 September 2020, the share capital amounted to SEK 20,538,100, divided into 205,381,004 ordinary shares. The Company has a single share series. Each share entitles the shareholder to one vote at the General Meeting.

Dividend

According to the adopted dividend policy dividends may be low or not occur at all in the medium term.

Relationships with related parties

Collector provides real estate loans to Söderfors Bruk AB and SHH Bostad AB (associated companies of Balder) and RE IV Limited (closely related to Balder and Erik Selin). These transactions take place on market terms. Deposits have been made by related parties and are in accordance with applicable market terms for Collector's deposit accounts.

Changes to the management team

There have been no changes to the management team during the quarter.

Presentation for investors, analysts and media

A conference call will be held on 22 October 2020 at 10.15 a.m. (CET), during which CEO Martin Nossman and CFO Peter Olsson will present the report. The presentation will be held in Swedish and will be broadcasted live at: <https://tv.streamfabriken.com/collector-q3-2020>. To participate in the conference call, please dial +46 856 642 703. The presentation material will be prepared in English and be available prior to the presentation on our website collector.se/en.

Events after the end of the period

No significant events have occurred after the end of the period.

Definitions

Alternative performance measures (APMs) are financial measures of past or future earnings trends, financial position or cash flow that are not defined in the applicable accounting regulatory framework (IFRS), in the Capital Requirements Directive (CRD IV), or in the EU's Capital Requirement Regulation number 575/2013 (CRR). APMs are used by Collector when relevant for monitoring and describing the bank's financial situation and enhance comparability between the periods. Collector believes that these APMs provide valuable information and enhances the analysis of the Group's financial development. These are not necessarily comparable to similar APMs presented by other companies

Adjusted C/I ratio - Period

Total expenses, adjusted for non-recurring items, for the period in relation to total income, adjusted for non-recurring items, for the period.

Adjusted credit losses, net - Period

Credit losses, net, adjusted for non-recurring items, for the period in relation to average loans to the public for the period.

Adjusted operating profit

Operating profit adjusted for non-recurring items.

Adjusted profit before credit losses

Profit before credit losses adjusted for non-recurring items.

Average number of full-time employees

Including employees on fixed-term contracts, but not on parental leave or leave of absence.

CET1 ratio (Common Equity Tier 1 ratio)¹⁾

Common Equity Tier 1 capital in relation to total risk-weighted exposure amount. Refers to the consolidated situation. See note K12, pp. 21 - 23.

C/I ratio - Period

Total expenses for the period in relation to total income for the period.

C/I ratio - LTM

Total expenses for the last twelve months in relation to total income for the last twelve months.

Contribution margin

Operating profit excluding non-allocated central costs.

Credit losses, net - Period

Credit losses, net for the period in relation to average loans to the public for the period.

Credit losses, net - LTM

Credit losses, net for the last twelve months in relation to average loans to the public for the last twelve months.

Earnings per share after dilution

Net profit for the period (adjusted for convertible interest) in relation to average number of shares outstanding after dilution for the period.

Earnings per share before dilution

Net profit for the period in relation to average number of shares outstanding before dilution for the period.

Net interest margin (NIM) - LTM

Net interest income for the last twelve months in relation to average loans to the public for the last twelve months.

Net interest margin (NIM) - Period

Net interest income for the period in relation to average loans to the public for the period.

Non-recurring items

Income and expenses that are not expected to appear on a regular basis. See The Group's development, page 5.

Return on equity (RoE) - LTM

Net profit for the last twelve months in relation to average equity for the last twelve months.

Return on equity (RoE) - Period

Net profit for the period in relation to average equity for the period.

Tier 1 ratio¹⁾

Tier 1 capital in relation to total risk-weighted exposure amount. Refers to the consolidated situation. See note K12, pp. 21 - 23.

Total capital ratio¹⁾

Total own funds in relation to total risk-weighted exposure amount. Refers to the consolidated situation. See note K12, pp. 21 - 23.

¹⁾ Key ratios according to capital adequacy rules

INCOME STATEMENT

The presentation of the group's income statement has been changed during the period. See note K2 and K17 for further information.

Group		2020	2020	2019	2020	2019	2019
SEKm	Note	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Interest income ¹⁾		534	557	531	1 612	1 516	2 033
Interest expense		-88	-96	-94	-294	-258	-356
Net interest income	K4	446	461	437	1 318	1 258	1 677
Commission income		76	87	104	255	302	397
Commission expense		-11	-10	-16	-32	-44	-57
Net commission income		64	77	88	223	259	340
Net gains and losses on financial items		-2	23	-2	-5	7	-12
Other income		17	1	5	25	17	187
Total income		525	562	528	1 562	1 540	2 193
Personnel expenses	K5	-60	-83	-72	-219	-236	-317
Other expenses	K6	-109	-124	-105	-361	-302	-438
Depreciation/amortisation and impairment of tangible and intangible assets		-31	-22	-32	-71	-98	-284
Total expenses		-200	-229	-209	-651	-637	-1 039
Profit before credit losses		326	332	319	911	903	1 153
Credit losses, net	K7	-208	-231	-102	-648	-275	-1 206
Operating profit		117	102	217	263	628	-52
Tax expense		-28	-26	-53	-67	-147	44
Net profit for the period		89	76	164	196	481	-8
Net profit for the period attributable to the shareholders of Collector AB		89	76	164	196	481	-8

Earnings per share, SEK

before dilution		0,43	0,37	1,60	1,27	4,68	-0,08
after dilution		0,43	0,37	1,60	1,27	4,68	-0,08

¹⁾ These consist primarily of interest income calculated using the effective interest rate method.

STATEMENT OF COMPREHENSIVE INCOME

Group		2020	2020	2019	2020	2019	2019
SEKm	Note	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Net profit for the period reported via income statement		89	76	164	196	481	-8
Items that may be reclassified to the income statement							
Exchange rate differences		-1	-2	-1	-11	-3	0
Other comprehensive income for the period, net of tax		-1	-2	-1	-11	3	0
Total comprehensive income for the period		88	74	163	185	484	-8
Total comprehensive income attributable to the shareholders of Collector AB		88	74	163	185	484	-8

BALANCE SHEET, CONDENSED

Group		2020	2019	2019
SEKm	Note	30-Sep	31-Dec	30-Sep
ASSETS				
Cash and balances with central banks		-	-	-
Treasury bills and other bills eligible for refinancing with central banks, etc.	K13	67	44	29
Loans to credit institutions		2 853	5 265	3 525
Loans to the public	K8, K9	30 146	29 880	30 577
Bonds and other interest-bearing securities	K13	1 158	1 275	1 032
Shares and participating interests	K13	320	302	301
Intangible assets		121	138	343
Tangible assets		171	194	193
Derivatives	K13	-	78	-
Other assets		354	150	11
Prepaid expenses and accrued income		49	110	131
TOTAL ASSETS		35 239	37 436	36 142
LIABILITIES AND EQUITY				
Amounts owed to credit institutions		-	82	-
Deposits and borrowings from the public	K10	28 385	29 454	27 287
Debt securities in issue	K11	268	2 599	2 915
Derivatives	K13	11	-	8
Tax provisions		102	102	149
Other liabilities		338	422	502
Accrued expenses and prepaid income		474	316	328
Subordinated liabilities	K11	995	994	994
Total liabilities		30 573	33 969	32 183
Equity attributable to the shareholders of Collector AB		4 666	3 467	3 959
Total equity		4 666	3 467	3 959
TOTAL LIABILITIES AND EQUITY		35 239	37 436	36 142

STATEMENT OF CHANGES IN EQUITY

Group

SEKm

	Shareholders' equity				
	Share capital	Other contributed equity	Exchange differences, subsidiaries and associates	Retained earnings incl. profit for the period	Total equity
January-September 2020					
Opening balance 1 January 2020	10	1 313	-3	2 147	3 467
Equity issuance	10	1 017			1 027
Equity issuance costs incl. tax				-13	-13
Total comprehensive income for the period					
of which reported through profit and loss				196	196
of which reported through other comprehensive income			-11		-11
Closing balance 30 September 2020	21	2 330	-14	2 330	4 666

Group

SEKm

	Shareholders' equity				
	Share capital	Other contributed equity	Exchange differences, subsidiaries and associates	Retained earnings incl. profit for the period	Total equity
January-December 2019					
Opening balance 1 January 2019	10	1 313	-3	2 155	3 475
Total comprehensive income for the period					
of which reported through profit and loss				-8	-8
of which reported through other comprehensive income			0		0
Closing balance 31 December 2019	10	1 313	-3	2 147	3 467

Group

SEKm

	Shareholders' equity				
	Share capital	Other contributed equity	Exchange differences, subsidiaries and associates	Retained earnings incl. profit for the period	Total equity
January-September 2019					
Opening balance 1 January 2019	10	1 313	-3	2 155	3 475
Total comprehensive income for the period					
of which reported through profit and loss				481	481
of which reported through other comprehensive income			3		3
Closing balance 30 September 2019	10	1 313	0	2 636	3 959

CASH FLOW STATEMENT, CONDENSED

Group	2020	2019	2019
SEKm	Jan-Sep	Full year	Jan-Sep
Operating activities			
Operating profit	263	-52	628
Adjustments for non-cash items in operating activities	1 003	1 002	11
Income taxes paid	-105	-170	-151
Increase/decrease in assets and liabilities from operating activities	-2 194	2 153	562
Cash flow from operating activities	-1 033	2 933	1 050
Investing activities			
Divestment of subsidiaries	-	208	-
Acquisitions/Disposals of tangible assets	0	0	0
Acquisitions/Disposals of intangible assets	-25	-77	-58
Cash flow from investing activities	-25	131	-58
Financing activities			
Decrease of liabilities	-22	-33	-25
Equity issuance	1 014	-	-
Redemption of interest-bearing securities	-2 331	-201	-30
Issuance of interest-bearing securities	1	496	640
Cash flow from financing activities	-1 338	262	585
Cash and cash equivalents at the beginning of the period	5 265	1 928	1 928
Cash flow for the period	-2 396	3 326	1576
Exchange rate differences on cash and cash equivalents	-16	11	21
Cash and cash equivalents at end of the period	2 853	5 265	3 525

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and at book value unless otherwise indicated. The interim information on pages 2-9 constitute an integrated part of this financial report.

NOTE K1 Corporate information

Collector AB (publ), company registration number 556560-0797, conducts business in Sweden and in other Nordic countries. The head quarter is located in Gothenburg. The business consists of financial services and credit management. Collector AB is a public company with its registered head quarter in Gothenburg, Sweden. The address of the head office is Lilla Bommens Torg 11, SE-411 09 Gothenburg, Sweden. The Parent Company, Collector AB (publ), is part of the consolidated situation that includes the subsidiaries Collector Bank AB, Collector Payments AB, Collector Payments Finland Oy, Colligent Norge AS, Collector Ventures 1 KB, Ledaren Fastigheter i Norrköping AB and Norrplint Fastigheter AB. All companies are fully consolidated. The whole consolidated situation is under the supervision of the Swedish Financial Supervisory Authority and is covered by its rules for capital adequacy and large exposures.

NOTE K2 Accounting policies

Accounting policies

The interim report is prepared in accordance with IAS 34, and the Swedish Financial Supervisory Authority's Regulations and General Guidelines on Annual Accounts for Credit Institutions and Securities Companies (FFFS 2008:25, Chapter 7, Sections 2–3, and Chapter 8), the Annual Accounts Act for Credit Institutions and Securities Companies (Chapter 7, Sections 7–8) and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups have been taken into consideration. For the Parent Company, the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities have been applied.

In other regards, the interim report of the Group and the Parent Company is prepared in accordance with the same accounting principles and calculation methods as those applied in the 2019 annual report.

Rearrangements to the income statement

Rearrangements to the income statement have been made during the third quarter of 2020. The changes have been applied to the comparative figures. A comparison with previous reporting structure is illustrated in note K17. The adjustments affect certain key ratios but do not have an impact on net profit.

The change means that Collector's classification of current items in the income statement is consistent with the accounting rules and adapted to industry practice for listed banks, and other players with similar businesses, to a higher extent. It is also deemed to provide the Group's interested parties with more useful information with regards to the Group's income statement.

Valuation of seized assets to protect a claim

In a financial restructuring Collector may refrain from a loan receivable and instead seize the asset that served as collateral for the loan. Seized assets may consist of financial assets, properties and other tangible assets.

At inception seized assets are measured at fair value. The fair value at initial recognition becomes the acquisition value. Subsequently, seized assets are measured according to type of asset, with the exception of impairment on tangible seized assets that is reported as gains and losses from divestment of tangible and intangible assets, rather than as depreciation, amortisation and impairment of tangible and intangible assets.

Seized assets are reported within the same balance sheet item as assets of the same asset class that have been acquired in another way. Income and costs related to seized assets shall correspondingly be accounted for as other income and other expenses in the income statement. Property seized to protect a claim is accounted for as rental income, within the item other income, and operating costs, within the item other expenses.

Other changes in IFRS

None of the other changes in the accounting regulations issued for application are deemed to have a significant impact on Collector and its financial reports, capital adequacy or large exposures.

NOTE K3 Segments

Group	Private	Corporate
SEKm, Q3 2020		
Total income	291	234
Operating profit	24	148
Loans to the public	13 860	16 286
Net interest margin (NIM), %	6,6	5,5
SEKm, Q2 2020	Private	Corporate
Total income	322	238
Operating profit	74	117
Loans to the public	13 921	15 049
Net interest margin (NIM), %	6,8	5,8
SEKm, Q3 2019	Private	Corporate
Total income	279	235
Operating profit	81	184
Loans to the public	14 672	15 905
Net interest margin (NIM), %	5,9	5,7
SEKm, Jan-Sep 2020	Private	Corporate
Total income	897	660
Operating profit	148	340
Loans to the public	13 860	16 286
Net interest margin (NIM), %	6,4	5,3
SEKm, Jan-Sep 2019	Private	Corporate
Total income	844	671
Operating profit	284	519
Loans to the public	14 672	15 905
Net interest margin (NIM), %	6,1	5,7
SEKm, Full year 2019	Private	Corporate
Total income	1 121	881
Operating profit	-344	418
Loans to the public	14 427	15 453
Net interest margin (NIM), %	6,2	5,8

NOTE K4 Net interest income

Group	2020	2020	2019	2020	2019	2019
SEKm	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Loans to credit institutions	5	4	6	13	9	11
Loans to the public ¹⁰	529	552	524	1 599	1 506	2 021
Interest-bearing securities	0	0	1	0	1	1
Other	-	-	-	-	-	-
Total interest income	534	557	531	1 612	1 516	2 033
Amounts owed to credit institutions	-1	-1	-1	-3	-3	-4
Deposits and borrowings from the public	-71	-78	-70	-237	-198	-273
Debt securities in issue	0	0	-3	-2	-10	-12
Subordinated liabilities	-17	-17	-19	-53	-47	-67
Other	-	-	-	-	-	-
Total interest expense	-88	-96	-94	-294	-258	-356
Net interest income	446	461	437	1 318	1 258	1 677

¹⁰ Interest income calculated using the effective interest rate method.

NOTE K5 Personnel expenses

Group	2020	2020	2019	2020	2019	2019
SEKm	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Salaries and other remuneration	-40	-59	-46	-153	-166	-223
Pension costs	-6	-6	-7	-17	-18	-24
Social security costs	-16	-15	-18	-46	-51	-68
Other staff related costs	2	-2	-1	-3	-1	-3
Total personnel expenses	-60	-83	-72	-219	-236	-317

NOTE K6 Other expenses

Group	2020	2020	2019	2020	2019	2019
SEKm	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Consulting	-34	-53	-25	-134	-87	-120
IT expenses	-13	-17	-17	-49	-54	-72
Other purchased services	-20	-20	-34	-68	-76	-112
Postage	-9	-10	-8	-28	-24	-33
Other operating expenses	-32	-25	-20	-82	-62	-101
Total other expenses	-109	-124	-105	-361	-302	-438

NOTE K7 Credit losses

Group	2020	2020	2019	2020	2019	2019
SEKm	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Loans at amortised cost						
Credit impairment provisions - Stage 1	-9	-33	-13	-42	-43	-101
Credit impairment provisions - Stage 2	3	41	-9	-26	-4	-52
Credit impairment provisions - Stage 3	-167	-155	-64	-446	-200	-1 011
Total	-173	-147	-87	-514	-247	-1 164
Portfolio revaluation - POCI	-10	-51	-1	-62	13	12
Impairment gains and losses - POCI						
Write-offs	-26	-33	-14	-73	-42	-54
Recoveries	0	-	-	0	-	-
Total	-26	-33	-14	-73	-42	-54
Total credit impairment	-208	-231	-102	-648	-275	-1 206

NOTE K8 Loans to the public

Group	2020	2019	2019
SEKm	30-Sep	31-Dec	30-Sep
PRIVATE CUSTOMERS			
Total gross carrying amount	17 217	17 604	17 145
of which Stage 1	10 951	11 568	11 503
of which Stage 2	568	740	697
of which Stage 3	4 759	4 186	3 792
of which Stage 3 - POCI ¹⁾	939	1 110	1 153
Total credit impairment provisions	-2 438	-2 067	-1 385
of which Stage 1	-214	-180	-157
of which Stage 2	-110	-118	-83
of which Stage 3	-2 114	-1 769	-1 145
of which Stage 3 - POCI ¹⁾	-	-	-
Total carrying amount, private customers	14 779	15 537	15 759
Private customers			
Provision ratio for loans Stage 1	2,0%	1,6%	1,4%
Provision ratio for loans Stage 2	19,3%	16,0%	11,9%
Provision ratio for loans Stage 3	44,4%	42,3%	30,2%
Provision ratio for loans Stage 3 - POCI ¹⁾	0,0%	0,0%	0,0%
Total Provision ratio, private customers ²⁾	15,0%	12,5%	8,7%

NOTE K8 Loans to the public, cont.

Group	2020	2019	2019
SEKm	30-Sep	31-Dec	30-Sep
CORPORATE CUSTOMERS			
Total gross carrying amount	15 780	14 647	14 896
of which Stage 1	14 247	12 707	13 512
of which Stage 2	767	669	505
of which Stage 3	766	1 270	879
Total credit impairment provisions	-414	-304	-78
of which Stage 1	-37	-33	-18
of which Stage 2	-38	-10	-2
of which Stage 3	-338	-261	-59
Total carrying amount, corporate customers	15 366	14 343	14 818
Corporate customers			
Provision ratio for loans Stage 1	0,3%	0,3%	0,1%
Provision ratio for loans Stage 2	5,0%	1,6%	0,4%
Provision ratio for loans Stage 3	44,2%	20,5%	6,7%
Total Provision ratio, corporate customers	2,6%	2,1%	0,5%
TOTAL			
Total gross carrying amount	32 997	32 251	32 041
of which Stage 1	25 198	24 275	25 015
of which Stage 2	1 335	1 409	1 202
of which Stage 3	5 525	5 456	4 671
of which Stage 3 - POCI ¹⁾	939	1 110	1 153
Total credit impairment provisions	-2 851	-2 371	-1 464
of which Stage 1	-252	-213	-174
of which Stage 2	-148	-129	-85
of which Stage 3	-2 452	-2 029	-1 204
of which Stage 3 - POCI ¹⁾	-	-	-
Total carrying amount, Total	30 146	29 880	30 577
Stage 3 Loans / Total Loans, gross, % ²⁾	17,2%	17,5%	15,1%
Stage 3 Loans / Total Loans, net, % ²⁾	10,5%	11,9%	11,8%
Total			
Provision ratio for loans Stage 1	1,0%	0,9%	0,7%
Provision ratio for loans Stage 2	11,1%	9,1%	7,1%
Provision ratio for loans Stage 3	44,4%	37,2%	25,8%
Provision ratio for loans Stage 3 - POCI ¹⁾	0,0%	0,0%	0,0%
Total Provision ratio ²⁾	8,9%	7,6%	4,7%

¹⁾ Purchased credit-impaired assets are subject to net accounting from the time of acquisition, consequently no provisioning is shown for these receivables.

²⁾ Excluding purchased credit-impaired assets.

NOTE K9 Reconciliation of credit losses provisions for loans

The table below provides a reconciliation of credit losses provisions for loans to the public.

Koncernen

MSEK	Steg 1	Steg 2	Steg 3	Summa
Opening balance 1 January 2020	213	129	2 029	2 371
New and derecognised financial assets, net	136	-293	-139	-296
Changes due to changed credit judgement	12	6	32	50
Changes due to change in credit risk	-106	313	553	760
Other adjustments	-4	-8	-23	-35
Closing balance 30 September 2020	252	148	2 452	2 851

Group

SEKm	Stage 1	Stage 2	Stage 3	Total
Opening balance 1 January 2019	131	81	979	1 191
New and derecognised financial assets, net	93	-6	199	285
Changes due to changed credit judgement	-	-	550	550
Changes due to change in credit risk	-3	58	277	331
Other adjustments	-7	-4	25	14
Closing balance 31 December 2019	213	129	2 029	2 371

Group

SEKm	Stage 1	Stage 2	Stage 3	Total
Opening balance 1 January 2019	131	81	979	1 191
New and derecognised financial assets, net	101	-33	-31	37
Changes due to changed credit judgement	-	-	-	-
Changes due to change in credit risk	12	36	273	322
Other adjustments	-70	1	-17	-86
Closing balance 30 September 2019	174	85	1 204	1 464

NOTE K10 Deposits and borrowings from the public

Group	2020	2019	2019
SEKm	30-Sep	31-Dec	30-Sep
EUR	4 392	1 609	468
SEK	23 993	27 845	26 819
Total	28 385	29 454	27 287

NOTE K11 Debt securities in issue and subordinated liabilities

Debt securities in issue		2020		2019		2019	
Group		30-Sep		31-Dec		30-Sep	
SEKm	ISIN	Carrying amount	Nominal amount	Carrying amount	Nominal amount	Carrying amount	Nominal amount
COLLB 1, MTN 1	SE0009723083	-	-	800	800	800	800
Commercial papers, other		268	268	1 799	1 804	2 115	2 116
Total		268	268	2 599	2 604	2 915	2 916

Subordinated liabilities		2020		2019		2019	
Group		30-Sep		31-Dec		30-Sep	
SEKm	ISIN	Carrying amount	Nominal amount	Carrying amount	Nominal amount	Carrying amount	Nominal amount
COLLB 2, MTN 1	SE0010101402	499	500	499	500	499	500
COLLB 3, AT1	SE0012377687	496	500	495	500	495	500
Total		995	1 000	994	1 000	994	1 000

NOTE K12 Capital adequacy consolidated situation

Group	2020	
SEKm	30-Sep	
	Amount	Percentage of risk exposure amount
Common Equity Tier 1 capital requirement (Pillar 1)	1 521,6	4,5%
Other Common Equity Tier 1 capital requirement (Pillar 2)	266,4	0,8%
Buffer requirements	872,8	2,6%
Total Common Equity Tier 1 (CET1) capital requirement	2 660,9	7,9%
Common Equity Tier 1 (CET1) capital	4 654,2	13,8%
Tier 1 capital requirement (Pillar 1)	2 028,9	6,0%
Other tier 1 capital requirement (Pillar 2)	323,5	1,0%
Buffer requirements	872,8	2,6%
Total Tier 1 capital requirement	3 225,2	9,5%
Tier 1 capital	4 956,9	14,7%
Capital requirements (Pillar 1)	2 705,2	8,0%
Other capital requirement (Pillar 2)	399,6	1,2%
Buffer requirements	872,8	2,6%
Total capital requirement	3 977,6	11,8%
Own funds	5 336,0	15,8%

NOTE K12 Capital adequacy consolidated situation, cont.

	2020	2019	2019
	30-Sep	31-Dec	30-Sep
OWN FUNDS, SEKm			
Capital instruments and the related share premium accounts: Equity	20,5	10,3	10,3
Retained earnings	4 450,1	3 474,5	3 416,5
Non-controlling interests	-	-	-
Net profit for the period after deductions related to the consolidated situation and other foreseeable charges	195,5	-17,4	467,2
Common Equity Tier 1 capital before regulatory adjustments	4 666,2	3 467,4	3 893,9
Deduction:			
Additional value adjustments	-	-	-
Intangible assets	-121,4	-138,3	-291,0
Deferred tax assets	-11,3	-11,1	-1,8
Significant investments in the financial sector	-	-	-
Application of the transitional rules IFRS9	120,8	146,6	146,6
Total regulatory adjustments to Common Equity Tier 1	-12,0	-2,8	-146,1
Common Equity Tier 1 (CET1) capital	4 654,2	3 464,5	3 747,8
Perpetual subordinated loan	302,7	495,1	426,3
Additional Tier 1 instruments	302,7	495,1	426,3
Tier 1 capital	4 956,9	3 959,6	4 174,0
Supplementary capital	379,2	499,2	488,2
Tier 2 Capital	379,2	499,2	488,2
Total own funds	5 336,0	4 458,8	4 662,3
	2020	2019	2019
	30-Sep	31-Dec	30-Sep
RISK-WEIGHTED EXPOSURE AMOUNT, SEKm			
Credit risks, using the standardized approach			
Central government or central banks exposures	-	-	-
Municipalities and other associations	-	-	-
Institutional exposures	576,5	1 067,0	685,5
Corporate exposures	14 529,8	12 305,1	12 907,0
Retail exposures	8 900,6	9 650,0	9 344,0
Exposures with mortgage in residential property	38,3	46,4	40,8
Exposures in default	4 435,0	5 259,0	5 505,8
Items associated with particularly high risk	973,7	511,3	822,0
Exposures in the form of covered bonds	45,5	54,7	40,1
Equity exposures	-	-	-
Other exposures	743,2	728,5	665,2
Total	30 242,5	29 621,9	30 010,4
Risk exposure amount credit valuation adjustment risk (CVA)	5,1	11,3	2,9
Risk exposure amount market risk	182,3	480,4	91,4
Risk exposure amount operational risk	3 384,5	3 384,5	2 743,9
Total risk-weighted exposure amount	33 814,4	33 498,1	32 848,5

NOTE K12 Capital adequacy consolidated situation, cont.

	2020	2019	2019
CAPITAL REQUIREMENT, SEKm	30-Sep	31-Dec	30-Sep
Capital requirement for credit risk using the standardized approach			
Central government or central banks exposures	-	-	-
Municipalities and other associations	-	-	-
Institutional exposures	46,1	85,4	54,8
Corporate exposures	1 162,4	984,4	1 032,6
Retail exposures	712,0	772,0	747,5
Exposures with mortgage in residential property	3,1	3,7	3,3
Exposures in default	354,8	420,7	440,5
Items associated with particularly high risk	77,9	40,9	65,8
Exposures in the form of covered bonds	3,6	4,4	3,2
Equity exposures	-	-	-
Other exposures	59,5	58,3	53,2
Total capital requirement for credit risk	2 419,4	2 369,8	2 400,8
Risk exposure amount credit valuation adjustment risk (CVA)	0,4	0,9	0,2
Risk exposure amount market risk	14,6	38,4	7,3
Risk exposure amount operational risk	270,8	270,8	219,5
Total Pillar 1 capital requirement	2 705,2	2 679,8	2 627,9
Concentration risk	244,2	254,2	244,9
Interest rate risk for the banking book	155,4	135,1	131,1
Total Pillar 2 capital requirement	399,6	389,3	376,0
Capital buffers			
Capital conservation buffer	845,4	837,5	821,2
Countercyclical capital buffer	27,5	647,7	611,0
Total capital requirement - Capital buffers	872,8	1 485,1	1 432,2
Total capital requirement	3 977,6	4 554,3	4 436,1

	2020	2019	2019
CAPITAL REQUIREMENT	30-Sep	31-Dec	30-Sep
Capital ratios and capital buffers			
CET1 ratio	13,8%	10,3%	11,4%
Tier 1 capital ratio	14,7%	11,8%	12,7%
Total capital ratio	15,8%	13,3%	14,2%
Institution specific buffer requirement	2,6%	4,4%	4,4%
of which capital conservation buffer	2,5%	2,5%	2,5%
of which countercyclical capital buffer	0,1%	1,9%	1,9%
CET1 available to meet buffers	7,8%	5,3%	6,2%

A review has been performed of the earnings for January-September.

NOTE K13 Financial instruments at fair value

The table below contains financial instruments measured at fair value by valuation level. To determine the fair value for financial instruments various methods are used, depending on the degree of observable market data in the valuation and activity in the market.

The methods are divided into three different levels:

Level 1: Quoted market prices

Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical asset- and liability instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valuation techniques with observable inputs

In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same.

Level 3: Valuation techniques with significant unobservable inputs

Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques.

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed.

The following table shows the Group's financial assets and liabilities as at 30 September 2020.

	Level 1	Level 2	Level 3	Total
Assets				
Derivative instruments	-	-	-	-
Treasury bills and other bills eligible for refinancing with central banks, etc.	67	-	-	67
Bonds and other interest-bearing securities	1 144	13	-	1 158
Shares and participating interests	-	5	315	320
Total assets	1 211	18	315	1 545
Liabilities				
Derivative instruments	-	11	-	11
Total liabilities	-	11	-	11

The following table shows the Group's financial assets and liabilities as at 31 December 2019.

	Level 1	Level 2	Level 3	Total
Assets				
Derivative instruments	-	78	-	78
Treasury bills and other bills eligible for refinancing with central banks, etc.	-	44	-	44
Bonds and other interest-bearing securities	-	1 275	-	1 275
Shares and participating interests	-	5	297	302
Total assets	-	1 404	297	1 701
Liabilities				
Derivative instruments	-	-	-	-
Total liabilities	-	-	-	-

The following table shows the Group's financial assets and liabilities as at 30 September 2019.

	Level 1	Level 2	Level 3	Total
Assets				
Derivative instruments	-	-	-	-
Treasury bills and other bills eligible for refinancing with central banks, etc.	-	29	-	29
Bonds and other interest-bearing securities	-	1 032	-	1 032
Shares and participating interests	-	5	296	301
Total assets	-	1 066	296	1 362
Liabilities				
Derivative instruments	-	8	-	8
Total liabilities	-	8	-	8

For other financial assets and liabilities, the carrying amount corresponds to the estimated fair value in all material respects.

NOTE K14 Related parties

During the period normal business transactions were executed between companies in the Group and between other related parties.

NOTE K15 Asset pledged and contingent liabilities

Group, asset pledged	2020	2019	2019
SEKm	30-Sep	31-Dec	30-Sep
For own liabilities and provisions	800	800	800
Total	800	800	800

Group, contingent liabilities	2020	2019	2019
SEKm	30-Sep	31-Dec	30-Sep
Unutilized credit limits	3 444	1 581	1 256
Total	3 444	1 581	1 256

NOTE K16 Events after 30 September 2020

No significant events have occurred after the end of the period.

NOTE K17 Rearrangements to the income statement

Rearrangements to the income statement have been made during the third quarter of 2020. The income statement is presented below according to the new presentation format and the previously applied presentation format.

Income statement before rearrangements

Group	2020	2019	2019	2019
SEKm	Q2	Q3	Jan-Sep	Full year
Interest income	610	633	1 834	2 460
Interest expense	-96	-94	-259	-357
Net interest income	513	539	1 575	2 103
Commission income	19	28	69	94
Commission expense	-81	-91	-255	-347
Net commission income	-62	-62	-186	-253
Net gains and losses on financial items	5	-5	-1	-7
Other income	41	72	202	419
Total income	497	544	1 590	2 261
General and administrative expenses	-122	-104	-342	-458
Depreciation/amortisation and impairment of tangible and intangible assets	-22	-32	-98	-284
Other expenses	-71	-90	-233	-353
Total expenses	-215	-226	-673	-1 095
Profit before credit losses	282	319	917	1 166
Credit losses, net	-180	-102	-288	-1 218
Operating profit	102	217	628	-52
Tax expense	-26	-53	-147	44
Net profit for the period	76	164	481	-8

Income statement after rearrangements

Group	2020	2019	2019	2019
SEKm	Q2	Q3	Jan-Sep	Full year
Interest income	557	531	1 516	2 033
Interest expense	-96	-94	-258	-356
Net interest income	461	437	1 258	1 677
Commission income	87	104	302	397
Commission expense	-10	-16	-44	-57
Net commission income	77	88	259	340
Net gains and losses on financial items	23	-2	7	-12
Other income	1	5	17	187
Total income	562	528	1 540	2 193
Personnel expenses	-83	-72	-236	-317
Other expenses	-124	-105	-302	-438
Depreciation/amortisation and impairment of tangible and intangible assets	-22	-32	-98	-284
Total expenses	-229	-209	-637	-1 039
Profit before credit losses	332	319	903	1 153
Credit losses, net	-231	-102	-275	-1 206
Operating profit	102	217	628	-52
Tax expense	-26	-53	-147	44
Net profit for the period	76	164	481	-8

INCOME STATEMENT

Parent company	2020	2020	2019	2020	2019	2019
SEKm	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
Net sales	20	18	22	60	68	90
Operating expenses						
Other external expenses	-17	-23	-19	-61	-63	-91
Depreciation/amortisation and impairment of tangible and intangible assets	-1	-1	-3	-3	-9	-12
Operating earnings	1	-6	0	-5	-4	-13
Earnings from financial items						
Earnings from Participations in Group companies	-	-	-	-	-	175
Income from interest and similar items	-	-	-	0	-	1
Interest expenses and similar items	-2	-1	-2	-6	-6	-9
Earnings after financial items	-1	-6	-2	-11	-10	154
Appropriations						
Appropriations, other	-	-	-	-	-	33
Earnings before tax	-1	-6	-2	-11	-10	187
Tax expense	0	-1	0	1	2	0
Net profit for the period	-1	-7	-2	-10	-8	187

BALANCE SHEET

Parent company SEKm	2020 30-Sep	2019 31-Dec	2019 30-Sep
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized expenditure for development work and similar work	1	1	10
	1	1	10
Property, plant and equipment			
Equipment	9	11	13
	9	11	13
Financial non-current assets			
Participations in Group companies	2 788	1 504	1 518
Other non-current receivables	5	5	5
Deferred tax asset	3	1	2
	2 796	1 510	1 525
Total non-current assets	2 806	1 522	1 548
Current assets			
Current receivables			
Receivables from Group companies	5	-	49
Other receivables	25	10	11
Prepayments and accrued income	21	15	22
	51	25	82
Cash and bank balances	4	283	3
Total current assets	55	308	85
TOTAL ASSETS	2 861	1 830	1 633
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (205,381,004 shares)	21	10	10
Statutory reserve	18	18	18
Development expenditure fund	1	2	8
	40	30	36
Non-restricted equity			
Share premium reserve	2 291	1 274	1 274
Retained earnings	109	-65	-72
Net profit for the period	-10	187	-8
	2 390	1 396	1 194
Total equity	2 430	1 426	1 230
Untaxed reserves			
Tax allocation reserves	-	-	3
	-	-	3
Provisions			
Tax provisions	-	-	-
	-	-	-
Non-current liabilities			
Other non-current liabilities	94	92	90
	94	92	90
Current liabilities			
Accounts payable	0	8	6
Liabilities to Group companies	330	280	293
Other current liabilities	-	5	3
Accrued expenses and deferred income	8	19	8
	337	312	310
Total liabilities	431	404	403
TOTAL EQUITY AND LIABILITIES	2 861	1 830	1 633

STATEMENT OF CHANGES IN EQUITY

Parent company

SEKm	Restricted equity				Non-restricted equity	
	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Retained earnings inc. profit for the period	Total equity
2020						
Opening balance 1 January 2020	10	18	2	1 274	121	1 426
Transfer of development expenses			-1		1	0
Equity issuance	10			1 017		1 027
Equity issuance costs incl. tax effect					-13	-13
Net profit for the period					-10	-10
Closing balance 30 September 2020	21	18	1	2 291	99	2 430

Parent company

SEKm	Restricted equity				Non-restricted equity	
	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Retained earnings inc. profit for the period	Total equity
2019						
Opening balance 1 January 2019	10	18	11	1 274	-75	1 238
Transfer of development expenses			-9		9	0
Net profit for the period					187	187
Closing balance 31 December 2019	10	18	2	1 274	121	1 426

Parent company

SEKm	Restricted equity				Non-restricted equity	
	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Retained earnings inc. profit for the period	Total equity
2019						
Opening balance 1 January 2019	10	18	11	1 274	-75	1 238
Transfer of development expenses			-2		2	0
Net profit for the period					-8	-8
Closing balance 30 September 2019	10	18	8	1 274	-80	1 230

SIGNATURES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO hereby certify that the interim report provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Gothenburg, October 21, 2020

Board of Directors & CEO

Erik Selin
Chairman of the Board

Christoffer Lundström
Board member

Charlotte Hybinette
Board member

Anna Kinberg Batra
Board member

Marie Osberg
Board member

Martin Nossman
CEO

Ulf Croona
Board member

Bengt Edholm
Board member

REVIEW REPORT

To the Board of Directors in Collector AB (publ), corporate identity number 556560-0797

Introduction

We have reviewed the condensed interim report for Collector AB as at September 30, 2020 and for the nine months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institution and Securities Companies and for the parent company in accordance with the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institution and Securities Companies regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Gothenburg, October 21, 2020
Ernst & Young AB

Daniel Eriksson
Authorized Public Accountant

Future company events

Year-end report 2020	12 February 2021
Annual report 2020	6 April 2021
Interim report January-March 2021	27 April 2021
Annual General Meeting 2021	5 May 2021
Interim report January-June 2021	15 July 2021
Interim report January-September 2021	21 October 2021

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This is information that Collector AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 22 October 2020 at 7:30 a.m. CET.