

Nordiska Financial Partner Norway AS.



INTERIM REPORT

JANUARY - MARCH 2023

Report for first quarter 2023

Folkefinans was in December 2021 acquired by NNAV Holding 1 AB, a wholly owned subsidiary of Nordiska Kreditmarknadsaktiebolaget (Nordiska). Beginning 2022 Folkefinans changed its company name to Nordiska Financial Partner Norway AS (Nordiska FPN). Following the acquisition, the company further changed its operations from issuing small unsecured loans and revolving credits to the private consumer segments in Norway and Sweden to implementing Nordiska's business strategy and Partner Bank model with a focus on the Norwegian market. Nordiska's Partner Bank model focuses on partnerships with other financial companies who act as financial agents where Nordiska provides loans to customers mediated by Nordiska's Partners who function as distribution channel towards the customers.

Nordiska FPN's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. As at 31 March 2023, the company consisted of the parent company, Nordiska FPN AS, and its branches in Sweden and Estonia. The Estonian branch will be terminated during Q2.

Total interest income amounted to 2.8 MNOK for Q1 2023. The first Partner in Norway was launched in Q1 2022 and generated income of 2.4 MNOK for the first year of operation and 1.5 MNOK in Q1 2023 with a lending portfolio that had increased to approx. 125 MNOK by the end of Q1. As part of the acquisition it was decided that the old "Folkefinans" lending portfolios to private consumers in Norway and Sweden should either be sold or phased out. By the end of 2022 only the Frogtail brand portfolio in Sweden remained amounting to approx. 17 MNOK at the end Q1. It has been decided for the Frogtail portfolio to be migrated to Nordiska's loan platform Mambu and transferred to Nordiska during Q2.

As the old "Folkefinans" portfolios are either sold or phased out the company's losses on loans were reduced and amounted to -0.5 MNOK in Q1 2023 compared to -5.5 MNOK in Q1 2022. Defaulted loans more than 90 days past due for the remaining brand are sold monthly under Forward Flow agreements with Riverty. For the Partner portfolio the credit risk is risk mitigated so that defaulted loans beyond 90 days past due are transferred back to the Partner at 100% of the face value and sold to a third party under Forward Flow agreements. Further the Partner is obliged to cover potential losses and is required to hold cash reserves in a loan loss fund. Hence, the company is exposed to limited credit risk and the Partner Banking segment does not incur actual losses or loan loss provisions in the statement of comprehensive income.

Personnel- and other operating expenses amounted to 3.1 MNOK in Q1 2023 compared to 6.8 MNOK in Q1 2022 as a result of the downsizing processes carried out during 2022 and as the old "Folkefinans" portfolios were wound down all related supplier costs were terminated. Total comprehensive income improved amounting to -1.0 MNOK in Q1 compared to -4 MNOK in Q1 2022. In order to strengthen Nordiska FPN's statement of financial position and secure future growth a group contribution of 25 MSEK was obtained from Nordiska in January 2023. The Nordiska FPN's capital adequacy ratio thus improved to 35.9% in Q1 2023, compared to 27.5 % end 2022.

For further information, please contact:

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Statement of comprehensive income (NOK)

	Note	2023 Q1	2022 Q1	2023 YTD	2022 YTD	2022 YE
Interest income – assets measured at amortised cost		2 849	11 637	2 849	11 637	20 619
Interest expenses		-807	-1 368	-807	-1 368	-3 611
Net interest income		2 042	10 269	2 042	10 269	17 008
Fee and comission expenses		-269	-1 171	-269	-1 171	-2 372
Net change in value on securities and currency		550	-1 429	550	-1 429	-4 736
Net income from financial assets		2 323	7 669	2 323	7 669	9 899
Personnel expenses		-916	-3 467	-916	-3 467	-12 191
Depreciation, amortisation and impairment		-432	-383	-432	-383	-1 567
Other operating expenses		-1 731	-2 975	-1 731	-2 975	-7 987
Net operating income before losses on loans		-756	844	-756	844	-11 845
Losses on loans	1	-473	-5 456	-473	-5 456	-9 376
Result before tax		-1 229	-4 613	-1 229	-4 613	-21 221
Tax		0	0	0	0	0
Result after tax		-1 229	-4 613	-1 229	-4 613	-21 221
Items to be recycled to profit and loss						
Exchange differences on translating foreign operations		191	637	191	637	-296
Sum other comprehensive income		191	637	191	637	-296
Total comprehensive income		-1 038	-3 976	-1 038	-3 976	-21 517

Statement of financial position (NOK)

	Note	2023 Q1	2022 Q1	2022 YE
ASSETS				
Loans and deposits to credit institutions		47 825	44 604	42 008
Loans to customers	2	138 780	55 249	109 205
Investment securities		14 616	10 767	12 888
Derivatives				0
Tangible assets		1 755	2 597	1 909
Other assets		2 620	9 759	3 654
Prepaid and deposits		4 663	5 967	4 427
Total assets		210 259	128 943	174 090
LIABILITIES				
Debt to credit institutions		62 939	14 579	56 443
Derivatives		235	0	206
Other liabilities		31 541	7 041	26 363
Subordinated loan		35 234	33 396	33 495
Total liabilities		129 949	55 016	116 507
EQUITY				
Share capital		96 123	96 123	96 123
Share premium		79 262	79 261	79 262
Other paid in equity		5 151	5 152	5 151
Retained earnings		-100 227	-105 929	-122 953
Total equity		80 310	74 608	57 583
Total liabilities and equity		210 259	129 625	174 090

Notes to the financial statements

	2023 Q1	2022 Q1	2022 YE
1. CREDIT LOSSES			
Actual specified credit losses	2 757	6 029	13 642
Write-back of specified credit losses	-189	-304	-595
Provisions during the period	-2 095	-268	-3 672
Sum (NOK)	473	5 456	9 376
2. CREDIT LOSSES / DEFAULTED			
Defaulted loans*	1 027	4 048	3 405
Accumulated provision for credit losses	3 538	8 699	5 674
Net (NOK)	-2 511	-4 650	-2 268
<small>* loans are classified as defaulted 90 days past due</small>			
3. OFF BALANCE SHEET ITEMS			
Undisposed credit (SEK facility)	0	0	0
Sum (NOK)	0	0	0
4. CAPITAL ADEQUACY			
Capital requirement	17 885	18 137	16 751
Capital base	80 296	74 597	57 570
Capital ratio	35,9 %	32,9 %	27,5%

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