

Nordiska Financial Partner Norway AS.



INTERIM REPORT

APRIL - JUNE 2023

Report for second quarter 2023

Folkefinans was in December 2021 acquired by NNAV Holding 1 AB, a wholly owned subsidiary of Nordiska Kreditmarknadsaktiebolaget (Nordiska). In the beginning of 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 30 June 2023, the company consisted of the parent company, Nordiska FPN AS, and its branches in Sweden and Estonia. The process of terminating the Estonian branch has taken more time than anticipated, but it is targeted to have the branch closed down during Q3.

Total interest income increased in Q2 2023 to 3.2 MNOK compared 2.8 MNOK in Q1. The first Partner in Norway was launched in Q1 2022 and generated income of 2 MNOK in Q2 2023 and 3.5 MNOK YTD with a lending portfolio now amounting to approx. 130 MNOK by the end of Q2. In June agreements with a second partner in Norway was finalized. The partnership started with a "soft" launch of their services in July. The migration of the remaining old "Folkefinans" lending portfolio to private consumers in Sweden has been postponed to Q3 and will then be migrated to Nordiska's loan platform Mambu and the ownership transferred to Nordiska. The portfolio amounted to 14 MNOK at the end of Q2.

As the old "Folkefinans" portfolios have been sold or phased out the company's losses on loans were further reduced and amounted to -0.15 MNOK in Q2 2023 compared to -1.7 MNOK in Q2 2022. Defaulted loans more than 90 days past due for the remaining brand has continued to be 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 3.4 MNOK in Q2 2023 compared to 5 MNOK in Q2 2022. The reduction in operating costs come as a result of the downsizing processes carried out during 2022 and termination of all related supplier costs as the old "Folkefinans" portfolios were winded down. In June a new tenant took over Nordiska FPN's office in Stockholm and all relocation costs were included in Q2 financials which will further reduce the operating costs as of Q3. Total comprehensive income remained at the same level as Q1 amounting to -1.0 MNOK in Q2 2023 compared to -11 MNOK in Q2 2022. The capital adequacy ratio was 34.9% in Q2 2023, compared to 27.5 % end 2022 as a group contribution of 25 MSEK was obtained from Nordiska in January 2023.

For further information, please contact:

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Statement of comprehensive income (NOK)

	Note	2023 Q2	2022 Q2	2023 YTD	2022 YTD	2022 YE
Interest income – assets measured at amortised cost		3 228	3 308	6 077	14 945	20 619
Interest expenses		-996	-846	-1 804	-2 214	-3 611
Net interest income		2 231	2 462	4 273	12 731	17 008
Fee and comission expenses		-239	-551	-508	-1 723	-2 372
Net change in value on securities and currency		737	-5 319	1 288	-6 748	-4 736
Net income from financial assets		2 730	-3 409	5 053	4 260	9 899
Personnel expenses		-855	-2 577	-1 771	-6 044	-12 191
Depreciation, amortisation and impairment		-291	-396	-722	-779	-1 567
Other operating expenses		-2 300	-2 033	-4 031	-5 008	-7 987
Net operating income before losses on loans		-716	-8 414	-1 472	-7 571	-11 845
Losses on loans	1	-151	-1 665	-624	-7 121	-9 376
Result before tax		-867	-10 079	-2 096	-14 692	-21 221
Tax		0	0	0	0	0
Result after tax		-867	-10 079	-2 096	-14 692	-21 221
Items to be recycled to profit and loss						
Exchange differences on translating foreign operations		-172	-885	19	-248	-296
Sum other comprehensive income		-172	-885	19	-248	-296
Total comprehensive income		-1 039	-10 964	-2 077	-14 940	-21 517

Statement of financial position (NOK)

	Note	2023 Q2	2022 Q2	2022 YE
ASSETS				
Loans and deposits to credit institutions		48 038	22 657	42 008
Loans to customers	2	144 053	71 659	109 205
Investment securities		15 459	10 783	12 888
Derivatives				0
Tangible assets		187	2 309	1 909
Other assets		1 666	4 218	3 654
Prepaid and deposits		4 101	6 018	4 427
Total assets		213 504	117 643	174 090
LIABILITIES				
Debt to credit institutions		66 552	8 999	56 443
Derivatives		-125	573	206
Other liabilities		33 148	9 711	26 363
Subordinated loan		35 070	34 330	33 495
Total liabilities		134 646	53 613	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		-101 679	-116 508	-122 953
Total equity		78 858	64 029	57 583
Total liabilities and equity		213 504	117 643	174 090

Notes to the financial statements

	2023 Q2	2022 Q2	2022 YE
1. CREDIT LOSSES			
Actual specified credit losses	774	4 850	13 642
Write-back of specified credit losses	-170	-180	-595
Provisions during the period	-453	-3 005	-3 672
Sum (NOK)	151	1 665	9 376
2. CREDIT LOSSES / DEFAULTED			
Defaulted loans*	837	2 190	3 405
Accumulated provision for credit losses	3 067	5 908	5 674
Net (NOK)	-2 230	-3 718	-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	18 064	18 370	16 751
Capital base	78 843	64 018	57 570
Capital ratio	34,9 %	27,9 %	27,5%

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