

**Nordiska Financial Partner Norway AS.**

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# **INTERIM REPORT**

**JULY - SEPTEMBER 2023**

# Report for third 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 September 2023, the company consisted of the parent company, Nordiska FPN AS, and its branches in Sweden and Estonia. The Estonian branch will be closed down by the end of the year.

Total interest income increased somewhat in Q3 2023 to 3.5 MNOK compared to 3.2 MNOK in previous quarter. The first Partner in Norway, launched in Q1 2022, generated income of 2.4 MNOK in Q3 2023 and 5.9 MNOK YTD with a lending portfolio amounting to approx. 150 MNOK by the end of the quarter. Starting in July a new Norwegian partner "soft" launched their services towards their customer base issuing credit cards to private consumers. There were consequently limited number of cards issued during Q3. The migration of the remaining old "Folkefinans" lending portfolio to private consumers in Sweden, Frogtail, was finally migrated to Nordiska's loan platform Mambu and the ownership transferred to Nordiska in October. The Frogtail portfolio amounted to 11.8 MNOK at the end of Q3.

As the old "Folkefinans" portfolios have been sold or phased out the company's losses on loans remained low and amounted to -0.1 MNOK in Q3 2023 compared to -0.3 MNOK in Q3 2022. Defaulted loans more than 90 days past due for the remaining brand have continued to be sold monthly under Forward Flow agreements with Riverly. The final portfolio is planned to be sold in November as the migration was finalized in October. 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. The loan loss fund amounted to 25 MNOK by the end of Q3. The company is therefore exposed to limited credit risk and the Partner segment does not incur actual losses or loan loss provisions in the statement of comprehensive income.

Personnel- and other operating expenses were further reduced in Q3 and amounted to 2.1 MNOK compared to 4.5 MNOK in Q3 2022. The reduction in operating costs come as a result of the downsizing processes carried out in 2022, termination of related supplier costs connected to the old "Folkefinans" portfolios, and termination of the Nordiska FPN's office in Stockholm by the end of Q2. Total comprehensive income remained at the same level as Q2 amounting to -1.0 MNOK in Q3 2023 compared to -2.9 MNOK in Q3 2022, and -3.1 MNOK YTD. The capital adequacy ratio was stable at 34.2% in Q3 2023, compared to 27.5 % end 2022 since a group contribution of 25 MSEK was obtained from Nordiska in January 2023.

For further information, please contact:

**General manager - Jens Schau-Hansen**

+47 45 00 23 54, [jens.schau-hansen@nordiska.com](mailto:jens.schau-hansen@nordiska.com)

# Statement of comprehensive income (NOK)

	Note	2023 Q3	2022 Q3	2023 YTD	2022 YTD	2022 YE
Interest income – assets measured at amortised cost		3 473	2 750	9 550	17 695	20 619
Interest expenses		-1 518	-661	-3 322	-2 875	-3 611
<b>Net interest income</b>		<b>1 954</b>	<b>2 089</b>	<b>6 228</b>	<b>14 820</b>	<b>17 008</b>
Fee and comission expenses		-184	-372	-693	-2 095	-2 372
Net change in value on securities and currency		-570	642	717	-6 106	-4 736
<b>Net income from financial assets</b>		<b>1 200</b>	<b>2 358</b>	<b>6 252</b>	<b>6 618</b>	<b>9 899</b>
Personnel expenses		-1 219	-2 552	-2 990	-8 597	-12 191
Depreciation, amortisation and impairment		-85	-387	-807	-1 166	-1 567
Other operating expenses		-835	-1 548	-4 867	-6 556	-7 987
<b>Net operating income before losses on loans</b>		<b>-939</b>	<b>-2 129</b>	<b>-2 411</b>	<b>-9 700</b>	<b>-11 845</b>
Losses on loans	1	-93	-326	-717	-7 447	-9 376
<b>Result before tax</b>		<b>-1 032</b>	<b>-2 456</b>	<b>-3 128</b>	<b>-17 148</b>	<b>-21 221</b>
Tax	2	2	0	2	0	0
<b>Result after tax</b>		<b>-1 031</b>	<b>-2 456</b>	<b>-3 126</b>	<b>-17 148</b>	<b>-21 221</b>
<b>Items to be recycled to profit and loss</b>						
Exchange differences on translating foreign operations		-2	-481	17	-729	-296
<b>Sum other comprehensive income</b>		<b>-2</b>	<b>-481</b>	<b>17</b>	<b>-729</b>	<b>-296</b>
<b>Total comprehensive income</b>		<b>-1 033</b>	<b>-2 937</b>	<b>-3 109</b>	<b>-17 876</b>	<b>-21 517</b>

# Statement of financial position (NOK)

	Note	2023 Q3	2022 Q3	2022 YE
<b>ASSETS</b>				
Loans and deposits to credit institutions		51 629	33 372	42 008
Loans to customers	2	161 591	82 970	109 205
Investment securities		8 005	12 342	12 888
Derivatives		149		
Tangible assets		94	1 958	1 909
Other assets		3 502	3 688	3 654
Prepaid and deposits		3 883	4 842	4 427
<b>Total assets</b>		<b>228 854</b>	<b>139 172</b>	<b>174 090</b>
<b>LIABILITIES</b>				
Debt to credit institutions		80 393	28 632	56 443
Derivatives			1 108	206
Other liabilities		35 767	13 934	26 363
Subordinated loan		34 716	33 954	33 495
<b>Total liabilities</b>		<b>150 876</b>	<b>77 629</b>	<b>116 507</b>
<b>EQUITY</b>				
Share capital		96 123	96 123	96 123
Share premium		79 262	79 262	79 262
Other paid in equity		5 151	5 151	5 151
Retained earnings		-102 559	-118 994	-122 953
<b>Total equity</b>		<b>77 978</b>	<b>61 543</b>	<b>57 583</b>
<b>Total liabilities and equity</b>		<b>228 854</b>	<b>139 172</b>	<b>174 090</b>

# Notes to the financial statements

	2023 Q3	2022 Q3	2022 YE
<b>1. CREDIT LOSSES</b>			
Actual specified credit losses	-645	-2 420	13 642
Write-back of specified credit losses	76	112	-595
Provisions during the period	476	1 982	-3 672
<b>Sum (NOK)</b>	<b>-93</b>	<b>-326</b>	<b>9 376</b>
<b>2. CREDIT LOSSES / DEFAULTED</b>			
Defaulted loans*	793	2 680	3 405
Accumulated provision for credit losses	2 610	9 282	5 674
<b>Net (NOK)</b>	<b>-1 817</b>	<b>-6 603</b>	<b>-2 268</b>
<small>* loans are classified as defaulted 90 days past due</small>			
<b>3. CAPITAL ADEQUACY</b>			
Capital requirement	18 245	19 277	16 751
Capital base	77 970	62 046	57 570
<b>Capital ratio</b>	<b>34,2 %</b>	<b>25,7 %</b>	<b>27,5%</b>

# Nordiska Financial Partner Norway AS.

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Nordiska Financial Partner Norway AS  
Org.no 990 892 040  
nfp@nordiska.com

Dronning Eufemias gate 16  
0191 Oslo, Norge