

# Write-down of the value of Kredinor's purchased portfolios

*(Oslo, 09.10.23, 11:37 CET)* **As a result of weak collection performance, Kredinor is reducing the book value of its purchased portfolios by MNOK 180. The impairment of MNOK 180 represents a total of 2.84% of the current portfolio value of MNOK 6,335.**

With these impairments, total operating revenues in the third quarter are estimated at MNOK 188 (MNOK 302 in Q3 2022). Adjusted EBIT is estimated at MNOK 62 (MNOK 63) and EBT MNOK -220 (MNOK 21). As a result of the write-down in the quarter, the ERC was reduced by MNOK 11. Total ERC amounted to MNOK 10 993 and book values MNOK 6 155 at the end of the quarter.

In Norway, Kredinor owns 223 purchased portfolios. Impairments on 17 of these portfolios account for approximately 90% of the total write-down. The impairments in Sweden and Finland account for approximately 2% of the total write-down.

Portfolios with collection performance below 100% are mainly from before 2020. Portfolios of consumer loans given to customers from consumer finance banks before the debt register was introduced account for 51% of the write-downs. For these loans, the principal amounts are on average 150% higher than Kredinor's average portfolio in Norway. In addition, these customers have other unsecured debt, more than twice as much as the average for our customers. In summary, it can be said that we have overestimated the value of old claims with high amounts outstanding.

The share of customers repaying outstanding claims through established payment plans remains stable. However, we see that the share repaying non-performing debt through larger one-off payments has fallen by a total of 12 percentage points. At the same time, the processing time at bailiff in Norway has increased by 57 % since 2022.

Today's macroeconomic situation means that many customers are under pressure. Based on this, we therefore find it appropriate to write down the values of the portfolios where debt collection is weak. The expected return on own portfolios is 13.6%.

Kredinor will present its third-quarter 2023 results on 8<sup>th</sup> of November.

*Note: References to Q3 2022 are to unaudited pro-forma numbers.*