

Nordiska Financial Partner Norway AS.

INTERIM REPORT

APRIL - JUNE 2024

Report for second quarter 2024

Following the acquisition in 2021 by Nordiska Kreditmarknadsaktiebolaget (Nordiska), Nordiska FPN changed its operations from issuing small unsecured loans and revolving credits to the private consumer segment in Norway and Sweden to implementing Nordiska's business strategy and Partner Banking model with a focus on the Norwegian market. Nordiska's Partner Banking 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 2024, the company consisted of the parent company, Nordiska FPN AS, and its branches in Sweden and Estonia. Both branches are in the process of being closed down.

Total interest income amounted to 3.8 MNOK in Q2 2024 compared to 3.2 in Q2 2023. The first Partner in Norway, launched in Q1 2022, generated income of 3.6 MNOK in Q2 2024 with a lending portfolio amounting to approx. 155 MNOK by the end of the quarter. During Q2 the second partner in Norway targeting their service towards their customer base issuing credit cards to private consumers continued to grow both in the outstanding towards their customers and number of cards generating an income of 0.25 MNOK for the quarter. Agreements with a new partner in Norway was entered into by the end of Q2 aiming for a "soft" launch of their services during Q3.

Losses on loans were slightly positive due to recoveries from profit sharing of previously sold defaulted loans with 0.1 MNOK in Q2 2024 being at the same level as in Q1. For the Partner portfolio the credit risk is mitigated so that if a loan is defaulted beyond 90 days the Partner is obliged to buy back the loan or alternatively cover the costs from selling the loan to a third party so that Nordiska FPN does not have any credit losses as long as the Partner stays solvent. Further the Partners are required to hold additional cash reserves in a loan loss fund in the statement of financial position. The loan loss fund amounted to approx. 24 MNOK by the end of Q2. 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 were further reduced in Q2 2024 amounting to 1.2 MNOK compared to 3.2 MNOK in Q2 2023 due to reduction of number of employees and phase out of costs connected to the old "Folkefinans" portfolio which was transferred to Nordiska in Q4 2023. Total comprehensive income was slightly negative in Q2 compared to a loss of -1.0 MNOK in Q2 2023. The capital adequacy ratio remained at a high level with 35.9% in Q2 2024, compared to 34.9% in Q2 2023 and 41.8 % at the end of 2023.

For further information, please contact:

General manager - Jens Schau-Hansen

+47 45 00 23 54, jens.schau-hansen@nordiska.com

Statement of comprehensive income (NOK)

	Note	2024 Q2	2023 Q2	2024 YTD	2023 YTD	2023 YE
Interest income – assets measured at amortised cost		3 817	3 228	7 238	6 077	12 874
Interest expenses		-2 229	-996	-4 216	-1 804	-5 020
Net interest income		1 587	2 231	3 022	4 273	7 854
Fee and comission expenses		-17	-239	-46	-508	-1 129
Net change in value on securities and currency		-378	737	11	1 288	724
Net income from financial assets		1 192	2 730	2 986	5 053	7 449
Personnel expenses		-461	-855	-1 229	-1 771	-3 893
Depreciation, amortisation and impairment		-68	-291	-159	-722	-1 221
Other operating expenses		-758	-2 300	-1 594	-4 031	-7 070
Net operating income before losses on loans		-95	-716	4	-1 472	-4 735
Losses on loans	1	57	-151	124	-624	1 145
Result before tax		-38	-867	128	-2 096	-3 590
Tax		-1	0	0	0	3
Result after tax		-39	-867	128	-2 096	-3 587
Items to be recycled to profit and loss						
Exchange differences on translating foreign operations		0	-172	0	19	7
Sum other comprehensive income		0	-172	0	19	7
Total comprehensive income		-39	-1 039	128	-2 077	-3 580

Statement of financial position (NOK)

	Note	2024 Q2	2023 Q2	2023 YE
ASSETS				
Loans and deposits to credit institutions		61 045	48 038	65 298
Loans to customers	2	172 757	144 053	165 933
Investment securities		8 894	15 459	8 514
Derivatives				
Tangible assets		135	187	353
Other assets		1 946	1 666	3 025
Prepaid and deposits		3 653	4 101	3 440
Total assets		248 431	213 504	246 563
LIABILITIES				
Debt to credit institutions		105 135	66 552	94 344
Derivatives		299	-125	447
Other liabilities		29 757	33 148	38 095
Subordinated loan		35 524	35 070	35 880
Total liabilities		170 715	134 646	168 766
EQUITY				
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		-102 821	-101 679	-102 740
Total equity		77 716	78 858	77 796
Total liabilities and equity		248 431	213 504	246 563

Notes to the financial statements

	2024 Q2	2023 Q2	2023 YE
1. CREDIT LOSSES			
Actual specified credit losses	0	-774	-4 903
Write-back of specified credit losses	57	170	472
Provisions during the period	0	453	5 576
Sum (NOK)	57	-151	1 145
2. CREDIT LOSSES / DEFAULTED			
Defaulted loans*	0	837	0
Accumulated provision for credit losses	0	3 067	0
Net (NOK)	0	-2 230	0
<small>* loans are classified as defaulted 90 days past due</small>			
3. CAPITAL ADEQUACY			
Capital requirement	17 629	18 064	14 890
Capital base	79 125	78 843	77 776
Capital ratio	35,9 %	34,9 %	41,8%

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Org.no 990 892 040
nfp@nordiska.com

Dronning Eufemias gate 16
0191 Oslo, Norge