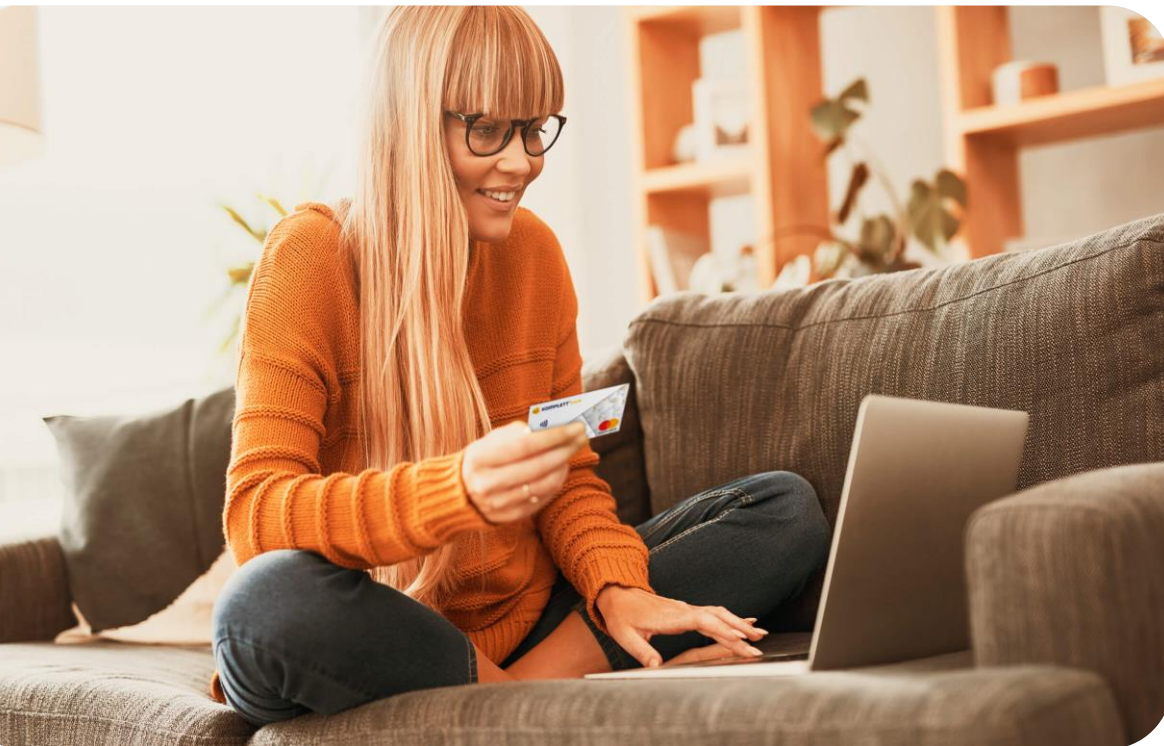


# Interim report

FOURTH QUARTER 2022



## **Q4 2022 highlights:**

### **Strong growth and further reduction of cost base**

#### **Increased market interest rates absorbed**

- Record sales in the quarter and 14% loan balance growth vs. Q3 2022
- Loan book interest rates successfully increased
- Total income growth of 17% vs. Q3 2022

#### **Delivering initiatives to improve performance and reduce cost base**

- Number of full-time employees (FTEs) reduced by ~40% year-on-year
- Write-down and restructuring costs of MNOK 105 mainly driven by IT platform optimisation
- Adjusted cost/income ratio of 44% vs. 50% in Q3 2022
- Further cost base reductions initiated: exiting underperforming POS Finance, terminating brand royalty license ("Komplett"), and reducing office space
  - Komplett Bank to launch under new name in May 2023

#### **Ahead of schedule for delivering on 2024 growth and efficiency ambitions**

- Previous run-rate 2024 target: Gross loan balance increase vs Q2 2022 of >50%, cost/income ratio <35% and return on target equity of ~12-15%
- New Q4 2023 target: Gross loan balance increase vs Q2 2022 of 60%, cost/income ratio ~30% and return on target equity of ~10%

## About Komplett Bank ASA

Komplett Bank ASA (the “Bank”) started operations in March 2014 when the Bank received its banking licence from the Norwegian authorities. Komplett Bank offers convenient consumer financing to creditworthy individuals. This provides individuals with financial flexibility which in turn contributes to economic activity and growth for the society at large.

The Bank’s main products are consumer loans, comprising Komplett Bank’s annuity loans launched in May 2019 as well as a flexible loan product with functionality that gives the customer more flexibility in use of the credit line. In July 2022, the Bank launched a new refinancing product in Norway. In addition, the Bank offers “Komplett Bank Mastercard”, a credit card with product features tailored for online shopping. The Bank offers these products in Norway, Sweden and Finland. Moreover, Komplett Bank offers deposit products with highly attractive interest rates in Norway, Germany and Sweden. As a member of the Norwegian Banks’ Guarantee Fund, customer deposits are guaranteed up to NOK 2 million (EUR 100,000 in Germany and Sweden) per customer.

The Bank follows a strategic roadmap based on geographical and product-wise diversification and expansion. The Bank is pursuing a strategy of building a digital, scalable and efficient operating model combined with strong risk control. In the near- to medium-term, lending operations will be focused on the Nordic region.

The Bank operates on a cross-border basis from Lysaker, outside of Oslo. The Norwegian banking license provides for passporting of the Bank’s offering throughout the entire European Economic Area (EEA).

## Financial figures for Q4 2022

All figures are prepared and presented in accordance with the International Financial Reporting Standards (IFRS).

Gross loans to customers amounted to NOK 9.6 billion at the end of Q4 2022, an increase of 14.0% compared to Q3 2022. Adjusted for currency effects, gross loans increased by 15.0%. Split on product segments, loans increased by NOK 1,090.2 million, credit cards increased by NOK 62.2 million and point of sales (POS) financing increased by NOK 33.0 million. Due to subpar returns, the Bank has made the decision to discontinue its POS financing product effective as of 1 May 2023.

Net interest income amounted to NOK 208.1 million in Q4 2022, up 7.5% compared to Q3 2022. Loan interest rates were increased across markets during Q4 2022 to mitigate the margin impact of the higher deposit rates effective from Q3 2022, with limited impact on the inflow of loan applications. However, increased interest rates were offset by higher deposit rates, and mandatory rate adjustment notification periods in Norway and Finland. Additionally, new customers are on lower interest rates than the average in the Bank’s existing loan book, as loan interest rates in general have declined over the past years due to lower market interest rates and increased competition.

The yield was largely stable at 13.0% for performing loans and 15.8% for performing credit card balances, while deposits increased to 1.7% from 1.1% in the previous quarter.

Net commissions and fees amounted to NOK 3.5 million in the quarter, up from NOK 0.5 million in the previous quarter.

Net gains/losses on certificates, bonds and currency were 8.8 million compared to -5.4 million in Q3 2022 due to mark-to-market gains on liquidity placed in market-based instruments.

Total income was NOK 220.3, up 16.8% from the previous quarter driven mainly by loan growth and loan interest rate increases as well as the gains on liquidity.

Total operating expenses were NOK 202.5 million, up from NOK 94.4 million in the previous quarter, mainly driven by a write-down of intangible assets related to historical IT investments of NOK 91.0 million which was announced in an operational and financial update 18 January 2023. Additionally, a NOK 1.8 million write-down was taken on capitalised lease costs in relation to moving to new and more efficient offices from August 2023.

Personnel expenses increased to NOK 31.4 million in the quarter from NOK 27.7 million in the previous quarter, mainly driven by restructuring costs related to the transfer to a new IT platform initiated in late 2022. The number of FTEs was 95 at year-end, a reduction of ~40% year-over-year, declining to around 80 by the end of Q1 2023.

General and administrative expenses including direct marketing expenses was NOK 48.3 million, up from NOK 36.8 million in Q3 2022, of which NOK 9 million was restructuring costs related to the IT transformation in Q4 2022.

In total, the Bank has non-recurring items of NOK 105 million related to the ongoing restructuring, mainly driven by transfer to a more scalable and efficient IT platform. Adjusted for the write-downs and restructuring costs, total operating expenses were NOK 97 million in Q4. Adjusted cost/income ratio was 44.0%, down from 50.0% in Q3.

While further cost efficiencies are expected to materialise in the coming quarters, including, lower personnel cost, less depreciation, reductions in IT platform costs and office rent, structural changes to reduce cost and automation/IT enhancements may continue to require some investments going forward.

Losses on loans amounted to NOK 135.8 million, up from NOK 70.2 million in Q3 2022. The increase was mainly driven by the strong loan growth in the quarter. This prompted increased provisions in Stage 1, as IFRS 9 requires 12-months expected credit losses to be recognised at origination (disbursement). In addition, loan losses were impacted by a non-recurring NOK 14 million write-down related to older cases. Adjusted for the write-down, the loan loss ratio was 5.4% compared to 3.5% in the previous quarter.

Profit after tax was NOK -88.7 million, down from NOK 18.0 million in the previous quarter as the increase in total income was more than offset by the write-down, restructuring costs and the higher recorded loan losses which were related to the strong growth in the quarter.

Total assets as at 31 December 2022 amounted to NOK 11,528 million (compared to NOK 10,137 million as at 30 September 2022). Net loans to customers ended at NOK 9,111 million

(NOK 7,990 million). Deposits from customers amounted to NOK 9,348 million (NOK 7,888 million).

Total equity was NOK 1,953 million as at 31 December 2022 (NOK 2,046 million as at 30 September 2022). The Bank had a total capital ratio of 23.6% (25.4%) by the end of the quarter, and a CET1 ratio of 20.5% (22.1%). The Bank's CET1 ratio requirement was 17.6%.

Loan and deposits with credit institutions and certificates and bonds amounted to NOK 2,261 million (NOK 1,906 million) corresponding to 19.6% (18.8%) of total assets.

### **Exiting POS finance and terminating brand royalty agreement**

During Q4 2022, the Bank came to an agreement with Komplett Group to exit the cooperation related to POS financing. This is a reflection of the jointly developed POS Finance product no longer meeting the expected returns as well as the progress made on the strategic re-positioning of the Bank. Additionally, the Bank and Komplett Group has agreed to terminate the agreement related to the use of the Komplett brand. As such, the POS Finance product will be closed down and the brand royalty agreement terminated effective as of 1 May 2023. Komplett Bank will launch under a new name in May 2023. Komplett Bank is pleased with the long-standing cooperation which has contributed to building its position in the Nordic market, and has appreciated the open dialogue between the parties as the conditions for the cooperation has changed over time.

### **Other**

On 16 December, Komplett Bank conducted an extraordinary general meeting to vote on the board of directors' guidelines for determining the remuneration for the management in the form of a warrant program which was approved. Allocation of the warrants may, however, first be completed after the next annual general meeting scheduled for 13 April.

## Dividend

Komplett Bank's dividend policy is to distribute excess capital not allocated to growth to its shareholders. Given the strong growth and flat result in 2023, the Bank does not foresee to distribute dividends.

## Significant events after balance sheet date

There have been no other significant events after the balance sheet date.

## Development and outlook

Komplett Bank has a positive outlook for growth and increased profitability. The outlook is founded on the Bank having a well-diversified NOK 10 billion loan book, a continued strong inflow of loan applications, profitable operations, and exposure to a growing and a resilient Nordic consumer financing market.

The underlying credit quality is stable and the loan loss ratio is set to normalise at a lower level following the strong balance growth in Q4 2022. Most new NPL loans are sold on forward flow agreements, limiting risk in the balance sheet.

During Q4, the Bank experienced a significant increase in new sales. This increase, appearing across all geographical markets, is driven by generally benign market conditions as well as improvement in conversion rates. The latter is a result of systematic work by the Bank to improve conversion and throughput, and the positive development seen in Q3 continued in Q4.

To achieve increased throughput, the Bank has over the past four quarters launched several strategic initiatives – focusing on product performance, process automation and tech simplification. The 2022 initiatives related to product performance and process automation were successfully implemented by the end of Q4 with more to come from tech simplification – increasing scalability and reducing costs – in 2023.

The improvement initiatives on both customer and internal processes resulted in increased conversion rates in all markets compared to the previous quarter. In Q4, loan growth was at an all-time high, conversion rates continued to increase and reached 4x the level in January 2022. A new refinancing product was launched in the Norwegian market in June. This product continued to contribute to reduced customer churn which remains a general challenge in the market.

In Q4, the Bank has passed on the increasing market rates to customers as increased loan interest rates. Gradual repricing of loan interest rates is expected to contribute to improving yield during 2023.

Cost inflation has started to affect personnel costs somewhat, but the impact from inflation on overall costs is expected to be moderate in the near term.

The medium-term macroeconomic outlook for the Nordic region remains robust, supporting expected increase in consumption and demand for consumer financing. Nevertheless, there is uncertainty related to the geopolitical situation and inflationary pressure, cf. below.

By the end of 2023, the Bank now expects to increase its loan balance by more than 60% vs. the turn-around level in Q2 2022, achieve a cost/income ratio of around 30% and a return on target equity of around 10%.

## Risks and uncertainties

Komplett Bank's operations and results are subject to a range of risks and uncertainties. The Bank's framework for managing financial risks is described in the Annual report 2021. Below is a description of selected major risk factors that may affect Komplett Bank near term, including macroeconomic risks, reputation risk and regulatory risks.

While the war in Ukraine has had no direct impact on Komplett Bank's business so far, it contributes to increased macroeconomic uncertainty. Reduced economic growth, increasing unemployment and diminishing savings rates could reduce demand for consumer financing from creditworthy individuals, reduce existing customers' ability to service their loans and limit the Bank's access to capital. Implemented mitigating actions include Komplett Bank's geographical diversification, strengthening of refinancing offering and continuous surveillance of risk development in the loan portfolio.

While rising unemployment rates historically have had the largest negative impact on the consumer finance market, the observed increased rate of inflation and higher interest rates, although coming from record-low levels, could negatively impact consumers' loan servicing capacity to an extent where a larger part of Komplett Bank's outstanding loans goes into default. While no such impact has been experienced so far, the Bank is monitoring this situation closely. Mitigating the risk of an increase in default levels and potential impacts is a strict Nordic regulatory framework for consumer financing, Komplett Bank's risk policies and procedures related to creditworthiness assessments and stress testing of the credit portfolio, and the Bank's capital buffer.

Damage to the Bank's reputation could reduce access to customers, capital and liquidity. Actions undertaken to minimise such risk include the implementation of a strong corporate governance framework, and regular training of all employees within anti-money laundering and terrorist financing.

Regulatory tightening could reduce the Bank's ability to grow its profitability and increase the cost of capital. In addition to the geographical and product-wise diversification, Komplett Bank has implemented processes to continuously strengthen the Bank's agile culture and adaptability.

Please refer to the Annual Report 2021 for a thorough review of the Bank's corporate governance practices including policies, guidelines and routines related to managing credit risk, operational risk, liquidity risk and market risk. The Bank's Annual Report 2021 is available at [ir.komplettbank.com](http://ir.komplettbank.com).

## Related parties

There have not been any transactions with related parties in Q4 2022 that significantly impact Komplett Bank's financial position or results for the period.

## COMPREHENSIVE INCOME STATEMENT

<i>Amounts in NOK million</i>	<b>Note</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>2022</b>	<b>2021</b>
Interest income	2, 6	254.0	239.3	907.0	965.5
Interest expenses	2, 6	-45.9	-16.9	-113.7	-81.8
<b>Net interest income</b>		<b>208.1</b>	<b>222.4</b>	<b>793.3</b>	<b>883.7</b>
Commission income and fees	2, 6	15.7	10.9	53.0	51.6
Commission expenses and fees	2, 6	-12.2	-14.0	-43.3	-62.9
<b>Net commissions and fees</b>		<b>3.5</b>	<b>-3.1</b>	<b>9.8</b>	<b>-11.3</b>
Net gains/(losses) on certificates, bonds and currency		8.8	-0.8	-2.1	4.0
<b>Total income</b>		<b>220.3</b>	<b>218.4</b>	<b>800.9</b>	<b>876.4</b>
Personnel expenses		-31.4	-39.0	-133.4	-162.0
General and administrative expenses	7	-48.3	-35.8	-159.0	-141.2
Other expenses	7	-10.7	-9.0	-43.1	-34.8
Depreciation and write-offs	8	-112.1	-19.4	-171.8	-77.3
<b>Total operating expenses before losses on loans</b>		<b>-202.5</b>	<b>-103.2</b>	<b>-507.3</b>	<b>-415.4</b>
Losses on loans	2	-135.8	-70.3	-292.1	-739.1
<b>Profit/(loss) before tax</b>		<b>-118.0</b>	<b>45.0</b>	<b>1.6</b>	<b>-278.1</b>
Tax expenses		29.3	-10.7	-0.6	69.4
<b>Profit/(loss) after tax</b>		<b>-88.7</b>	<b>34.3</b>	<b>0.9</b>	<b>-208.7</b>
<b>Attributable to:</b>					
Shareholders		-92.9	31.0	-13.8	-222.1
Additional Tier 1 capital investors		4.2	3.2	14.8	13.4
<b>Profit/(loss) after tax</b>		<b>-88.7</b>	<b>34.2</b>	<b>0.9</b>	<b>-208.7</b>
Earnings per share (NOK)		-0.50	0.17	-0.07	-1.19
Diluted earnings per share (NOK)		-0.50	0.16	-0.07	-1.19
<b>Comprehensive income</b>					
Profit/(loss) after tax		-88.7	34.3	0.9	-208.7
Other comprehensive income		-	-	-	-
<b>Comprehensive income for the period</b>		<b>-88.7</b>	<b>34.3</b>	<b>0.9</b>	<b>-208.7</b>



## BALANCE SHEET

<i>Amounts in NOK million</i>	<b>Note</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Loans and deposits with credit institutions		807.8	1,301.8
Loans to customers	2	9,110.7	7,397.8
Certificates and bonds		1,453.5	883.0
Other receivables		29.2	286.8
Deferred tax assets		77.9	73.4
Fixed assets		3.5	9.1
Intangible assets	8	45.3	153.5
<b>Total assets</b>		<b>11,528.0</b>	<b>10,105.5</b>
Deposits from customers		9,347.6	7,933.9
Other debt		162.1	142.4
Tax payable		-	0.1
Subordinated loans (Tier 2)	5	65.0	65.0
<b>Total liabilities</b>		<b>9,574.8</b>	<b>8,141.4</b>
Additional Tier 1 capital		199.6	199.6
Share capital		187.6	187.1
Share premium		786.7	786.7
Other paid-in capital		56.4	53.8
Retained earnings		723.0	736.9
<b>Total equity</b>		<b>1,953.3</b>	<b>1,964.1</b>
<b>Total liabilities and equity</b>		<b>11,528.0</b>	<b>10,105.5</b>

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Lysaker, Bærum, 13 February 2023

Board of Directors and CEO, Komplett Bank ASA

## STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK million</i>	Additional Tier 1 capital	Share capital	Share premium	Other paid- in capital	Retained earnings	Total equity
<b>Equity as at 1 January 2021</b>	<b>244.6</b>	<b>186.6</b>	<b>786.7</b>	<b>48.3</b>	<b>1,037.5</b>	<b>2,303.6</b>
Profit/(loss) after tax	13.4	-	-	-	-222.1	-208.7
Share capital increases due to exercised share options	-	0.5	-	-	-	0.5
Changes in equity due to share option programs	-	-	-	5.6	-	5.6
Changes in additional Tier 1 capital	-45.0	-	-	-	-	-45.0
Paid-out dividend	-	-	-	-	-78.5	-78.5
Net interest paid to additional Tier 1 capital investors	-13.4	-	-	-	-	-13.4
<b>Equity as at 31 December 2021</b>	<b>199.6</b>	<b>187.1</b>	<b>786.7</b>	<b>53.8</b>	<b>736.9</b>	<b>1,964.1</b>
<b>Equity as at 1 January 2022</b>	<b>199.6</b>	<b>187.1</b>	<b>786.7</b>	<b>53.8</b>	<b>736.9</b>	<b>1,964.1</b>
Profit/(loss) after tax	14.8	-	-	-	-13.8	0.9
Share capital increases due to exercised share options	-	0.5	-	-	-	0.5
Changes in equity due to share option programs	-	-	-	2.6	-	2.6
Net interest paid to additional Tier 1 capital investors	-14.8	-	-	-	-	-14.8
<b>Equity as at 31 December 2022</b>	<b>199.6</b>	<b>187.6</b>	<b>786.7</b>	<b>56.4</b>	<b>723.0</b>	<b>1,953.3</b>

## CASH FLOW STATEMENT

<i>Amounts in NOK million</i>	2022	2021
Profit/(loss) before tax	1.6	-278.1
Taxes paid	-0.2	-82.8
Depreciation and write-offs	171.8	77.3
Change in impairments on loans to customers	-292.9	-323.5
Change in gross loans to customers	-1,420.0	1,286.9
Effects of currency on loans to customers	72.4	-226.8
Change in deposits from customers	1,413.7	-1,057.9
Effects of currency on deposits from customers	-71.4	256.3
Net purchase and sale of certificates and bonds	-465.9	998.6
Change in accruals and other adjustments	183.0	-302.8
<b>Net cash flow from operating activities</b>	<b>-408.0</b>	<b>347.1</b>
Payments for investments in fixed assets	-0.3	-0.4
Payments for investments in intangible assets	-57.6	-72.2
<b>Net cash flow from investing activities</b>	<b>-57.9</b>	<b>-72.5</b>
Paid-in equity	0.5	0.5
Payments to AT1 capital investors	-19.7	-62.9
Lease payments	-4.7	-3.8
Dividend payment	-	-78.5
<b>Net cash flow from financing activities</b>	<b>-23.9</b>	<b>-144.6</b>
<b>Net cash flow for the period</b>	<b>-489.8</b>	<b>130.0</b>
Cash and cash equivalents as at 1 January	1,301.8	1,204.2
Effects of currency on loans and deposits with credit institutions in the period	-4.3	-32.4
<b>Cash and cash equivalents as at 31 December</b>	<b>807.8</b>	<b>1,301.8</b>
<i>Of which:</i>		
Loans and deposits with credit institutions	807.8	1,301.8

## Note 1 - General accounting principles

The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

All numbers in this report are in NOK 1,000,000 unless otherwise specified.

## Note 2 – Loans to customers

The Bank is applying forward looking elements for its credit loss model, see the Annual Report 2021 for more information regarding the credit loss model.

There are uncertainties related to the estimates as they are forward looking. As at 31 December 2022, the total loan loss provision related to macroeconomic factors amounted to NOK 24.2 million (31 December 2021: NOK 17.3 million).

### Loans to customers

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
Gross loans to customers	9,640.1	8,220.1
Impairment of loans	-529.4	-822.2
<b>Net loans to customers</b>	<b>9,110.7</b>	<b>7,397.8</b>

### Defaulted loans

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
Gross defaulted loans to customers *	429.7	1,062.4
Impairment of defaulted loans (stage 3)	-195.0	-530.7
<b>Net defaulted loans to customers</b>	<b>234.7</b>	<b>531.8</b>

\* Defaulted loans comprise loans that are 91 days or more overdue according to agreed payment schedule, and loans with other indications of unlikelihood to pay. Such loans continue to be considered defaulted regardless of future payment status.

As at 31 December 2022, the gross closing balances of *lazy payers* (clients remaining behind their repayment schedule for three or more consecutive months, but less than 90 days past due) amounted to NOK 172.7 million, with corresponding impairment amounted to NOK 35.3 million (31 December 2021: NOK 253.7 million and NOK 51.9 million)

## Information on products and geographical distribution

Amounts in NOK million

Q4 2022	Consumer loans			Cards	POS	Not allocated	Total
	NO	FI	SE	NO/FI/SE	NO/SE		
Interest income	81.9	78.9	49.8	31.9	4.2	7.3	254.0
Interest expenses	-17.2	-13.2	-10.5	-3.1	-1.8	-	-45.9
<b>Net interest income</b>	<b>64.6</b>	<b>65.7</b>	<b>39.4</b>	<b>28.8</b>	<b>2.3</b>	<b>7.3</b>	<b>208.1</b>
Commission income and fees	2.6	1.6	4.2	7.2	0.5	-0.4	15.7
Commission expenses and fees	0.0	-0.8	-	-10.1	-	-1.3	-12.2
<b>Net commissions and fees</b>	<b>2.6</b>	<b>0.8</b>	<b>4.2</b>	<b>-2.8</b>	<b>0.5</b>	<b>-1.7</b>	<b>3.5</b>
Losses on loans	-33.2	-45.0	-48.9	-5.7	-3.0	-	-135.8
<b>Total income net of losses on loans</b>	<b>34.0</b>	<b>21.5</b>	<b>-5.4</b>	<b>20.3</b>	<b>-0.2</b>	<b>5.6</b>	<b>75.8</b>
Gross loans to customers	3,544.6	2,852.8	2,220.8	648.7	373.3	-	9,640.1
Impairment of loans	-164.6	-151.5	-149.9	-28.2	-35.1	-	-529.4
<b>Net loans to customers</b>	<b>3,380.0</b>	<b>2,701.2</b>	<b>2,070.9</b>	<b>620.5</b>	<b>338.1</b>	<b>-</b>	<b>9,110.7</b>

Q4 2021	Consumer loans			Cards	POS	Not allocated	Total
	NO	FI	SE	NO/FI/SE	NO/SE		
Interest income	104.7	57.9	37.7	20.8	17.8	0.5	239.3
Interest expenses	-7.2	-4.3	-2.9	-1.5	-1.1	-	-16.9
<b>Net interest income</b>	<b>97.5</b>	<b>53.7</b>	<b>34.7</b>	<b>19.4</b>	<b>16.7</b>	<b>0.5</b>	<b>222.4</b>
Commission income and fees	2.6	1.6	1.0	5.2	0.5	0.1	10.9
Commission expenses and fees	-2.6	-1.5	-2.6	-6.9	-0.4	-	-14.0
<b>Net commissions and fees</b>	<b>-0.0</b>	<b>0.0</b>	<b>-1.6</b>	<b>-1.7</b>	<b>0.1</b>	<b>0.1</b>	<b>-3.1</b>
Losses on loans	-14.0	-22.2	-29.4	-5.0	0.4	-	-70.3
<b>Total income net of losses on loans</b>	<b>83.5</b>	<b>31.4</b>	<b>3.7</b>	<b>12.7</b>	<b>17.1</b>	<b>0.6</b>	<b>149.0</b>
Gross loans to customers	3,607.3	1,951.0	1,386.3	733.3	542.1	-	8,220.1
Impairment of loans	-377.1	-151.0	-112.8	-129.9	-51.4	-	-822.2
<b>Net loans to customers</b>	<b>3,230.2</b>	<b>1,799.9</b>	<b>1,273.5</b>	<b>603.5</b>	<b>490.7</b>	<b>-</b>	<b>7,397.8</b>

Amounts in NOK million

2022	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	341.6	250.3	158.9	94.0	50.7	11.5	907.0
Interest expenses	-45.4	-31.2	-23.2	-8.5	-5.3	-	-113.7
<b>Net interest income</b>	<b>296.2</b>	<b>219.1</b>	<b>135.7</b>	<b>85.5</b>	<b>45.4</b>	<b>11.5</b>	<b>793.3</b>
Commission income and fees	10.3	6.1	4.4	21.8	0.5	10.0	53.0
Commission expenses and fees	0.0	-1.9	-	-33.9	-	-7.5	-43.3
<b>Net commissions and fees</b>	<b>10.3</b>	<b>4.2</b>	<b>4.4</b>	<b>-12.1</b>	<b>0.5</b>	<b>2.5</b>	<b>9.8</b>
Losses on loans	-144.3	-35.7	-102.6	-2.9	-6.5	-0.0	-292.1
<b>Total income net of losses on loans</b>	<b>162.2</b>	<b>187.6</b>	<b>37.5</b>	<b>70.5</b>	<b>39.3</b>	<b>13.9</b>	<b>511.0</b>
Gross loans to customers	3,544.6	2,852.8	2,220.8	648.7	373.3	-	9,640.1
Impairment of loans	-164.6	-151.5	-149.9	-28.2	-35.1	-	-529.4
<b>Net loans to customers</b>	<b>3,380.0</b>	<b>2,701.2</b>	<b>2,070.9</b>	<b>620.5</b>	<b>338.1</b>	<b>-</b>	<b>9,110.7</b>

2021	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	389.5	237.4	155.1	101.4	81.2	0.9	965.5
Interest expenses	-31.4	-23.9	-14.5	-6.8	-5.2	-	-81.8
<b>Net interest income</b>	<b>358.1</b>	<b>213.5</b>	<b>140.6</b>	<b>94.6</b>	<b>76.0</b>	<b>0.9</b>	<b>883.7</b>
Commission income and fees	9.3	6.7	4.2	22.1	5.4	4.0	51.6
Commission expenses and fees	-11.8	-6.8	-11.7	-30.8	-1.8	-	-62.9
<b>Net commissions and fees</b>	<b>-2.5</b>	<b>-0.1</b>	<b>-7.5</b>	<b>-8.8</b>	<b>3.6</b>	<b>4.0</b>	<b>-11.3</b>
Losses on loans	-268.0	-262.7	-169.1	-38.2	-1.1	-	-739.1
<b>Total income net of losses on loans</b>	<b>87.5</b>	<b>-49.3</b>	<b>-36.0</b>	<b>47.6</b>	<b>78.5</b>	<b>4.8</b>	<b>133.2</b>
Gross loans to customers	3,607.3	1,951.0	1,386.3	733.3	542.1	-	8,220.1
Impairment of loans	-377.1	-151.0	-112.8	-129.9	-51.4	-	-822.2
<b>Net loans to customers</b>	<b>3,230.2</b>	<b>1,799.9</b>	<b>1,273.5</b>	<b>603.5</b>	<b>490.7</b>	<b>-</b>	<b>7,397.8</b>

## Reconciliation of gross loans to customers

### Q4 2022

<i>Amounts in NOK million</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross loans to customers as at beginning of quarter</b>	<b>7,358.3</b>	<b>683.4</b>	<b>413.0</b>	<b>8,454.7</b>
Transfer from stage 1 to stage 2	-290.9	290.9	-	-
Transfer from stage 1 to stage 3	-124.9	-	124.9	-
Transfer from stage 2 to stage 3	-	-88.8	88.8	-
Transfer from stage 3 to stage 2*	-	39.7	-39.7	-
Transfer from stage 2 to stage 1	159.8	-159.8	-	-
Transfer from stage 3 to stage 1*	10.3	-	-10.3	-
New assets	2,158.2	79.4	7.0	2,244.6
Assets derecognized	-779.4	-125.7	-154.0	-1,059.2
<b>Gross loans to customers as at 31 December 2022</b>	<b>8,491.2</b>	<b>719.2</b>	<b>429.7</b>	<b>9,640.1</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	-14.2	-158.5	172.7	-

### Q4 2021

<i>Amounts in NOK million</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross loans to customers as at beginning of quarter</b>	<b>6,450.9</b>	<b>657.8</b>	<b>2,439.6</b>	<b>9,548.3</b>
Transfer from stage 1 to stage 2	-284.6	284.6	-	-
Transfer from stage 1 to stage 3	-112.9	-	112.9	-
Transfer from stage 2 to stage 3	-	-80.7	80.7	-
Transfer from stage 3 to stage 2	-	2.0	-2.0	-
Transfer from stage 2 to stage 1	157.0	-157.0	-	-
Transfer from stage 3 to stage 1	1.6	-	-1.6	-
New assets	988.2	43.1	3.3	1,034.6
Assets derecognized	-578.5	-213.8	-1,570.5	-2,362.8
<b>Gross loans to customers as at 31 December 2021</b>	<b>6,621.9</b>	<b>535.8</b>	<b>1,062.4</b>	<b>8,220.1</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	-21.0	-232.7	253.7	-

\* mainly movements related to “lazy payers”

**2022**

<i>Amounts in NOK million</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross loans to customers as at 1 January 2022</b>	<b>6,621.9</b>	<b>535.8</b>	<b>1,062.4</b>	<b>8,220.1</b>
Transfer from stage 1 to stage 2	-1,059.0	1,059.0	-	-
Transfer from stage 1 to stage 3	-506.0	-	506.0	-
Transfer from stage 2 to stage 3	-	-350.6	350.6	-
Transfer from stage 3 to stage 2*	-	117.5	-117.5	-
Transfer from stage 2 to stage 1	567.2	-567.2	-	-
Transfer from stage 3 to stage 1*	46.8	-	-46.8	-
New assets	5,710.8	341.8	19.9	6,072.6
Assets derecognized	-2,890.5	-417.3	-1,344.9	-4,652.7
<b>Gross loans to customers as at 31 December 2022</b>	<b>8,491.2</b>	<b>719.2</b>	<b>429.7</b>	<b>9,640.1</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	<i>-14.2</i>	<i>-158.5</i>	<i>172.7</i>	<i>-</i>

**2021**

<i>Amounts in NOK million</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross loans to customers as at 1 January 2021</b>	<b>6,540.2</b>	<b>927.5</b>	<b>2,039.2</b>	<b>9,507.0</b>
Transfer from stage 1 to stage 2	-1,114.1	1,114.1	-	-
Transfer from stage 1 to stage 3	-517.9	-	517.9	-
Transfer from stage 2 to stage 3	-	-690.2	690.2	-
Transfer from stage 3 to stage 2	-	6.3	-6.3	-
Transfer from stage 2 to stage 1	617.7	-617.7	-	-
Transfer from stage 3 to stage 1	8.4	-	-8.4	-
New assets	3,951.8	203.9	53.0	4,208.7
Assets derecognized	-2,864.3	-408.1	-2,223.2	-5,495.6
<b>Gross loans to customers as at 31 December 2021</b>	<b>6,621.9</b>	<b>535.8</b>	<b>1,062.4</b>	<b>8,220.1</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	<i>-21.0</i>	<i>-232.7</i>	<i>253.7</i>	<i>-</i>

\* mainly movements related to “lazy payers”

## Reconciliation of impairment of loans

### Q4 2022

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Impairment as at beginning of quarter</b>	<b>175.0</b>	<b>116.1</b>	<b>174.1</b>	<b>465.2</b>
Transfer from stage 1 to stage 2	-6.7	6.7	-	-
Transfer from stage 1 to stage 3	-2.2	-	2.2	-
Transfer from stage 2 to stage 3	-	-16.0	16.0	-
Transfer from stage 3 to stage 2*	-	7.5	-7.5	-
Transfer from stage 2 to stage 1	24.4	-24.4	-	-
Transfer from stage 3 to stage 1*	1.4	-	-1.4	-
New financial assets originated	50.9	14.8	5.2	70.9
Increased expected credit loss	3.9	50.4	48.6	102.9
Assets derecognized	-5.7	-19.1	-36.5	-61.3
Decreased expected credit loss	-33.4	-6.0	-4.6	-44.0
Exchange rate movements	-2.0	-1.1	-1.1	-4.2
Macroeconomic model changes	-	-	-	-
Other changes	-	-	-	-
<b>Impairment as at 31 December 2022</b>	<b>205.5</b>	<b>128.9</b>	<b>195.0</b>	<b>529.4</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	-0.3	-35.0	35.3	-

### Q4 2021

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Impairment as at beginning of quarter</b>	<b>195.0</b>	<b>114.8</b>	<b>1,208.8</b>	<b>1,518.6</b>
Transfer from stage 1 to stage 2	-8.2	8.2	-	-
Transfer from stage 1 to stage 3	-1.8	-	1.8	-
Transfer from stage 2 to stage 3	-	-14.7	14.7	-
Transfer from stage 3 to stage 2	-	0.7	-0.7	-
Transfer from stage 2 to stage 1	32.0	-32.0	-	-
Transfer from stage 3 to stage 1	0.5	-	-0.5	-
New financial assets originated	20.9	8.5	5.2	34.6
Increased expected credit loss	6.9	55.2	32.6	94.7
Assets derecognized	-6.7	-16.4	-701.2	-724.2
Decreased expected credit loss	-39.2	-6.1	-84.0	-129.2
Exchange rate movements	-3.1	-1.9	-1.8	-6.9
Macroeconomic model changes	0.1	0.1	-	0.2
Other changes	5.5	-26.8	55.7	34.5
<b>Impairment as at 31 December 2021</b>	<b>201.9</b>	<b>89.7</b>	<b>530.7</b>	<b>822.2</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	-0.5	-51.4	51.9	-

\* mainly movements related to “lazy payers”

Other changes mainly consist of quarterly review of PD and LGD. See Annual Report 2021 for more information regarding these impairment calculation parameters.



**2022**
*Amounts in NOK million*

	Stage 1	Stage 2	Stage 3	Total
<b>Impairment as at 1 January 2022</b>	<b>201.9</b>	<b>89.8</b>	<b>530.7</b>	<b>822.2</b>
Transfer from stage 1 to stage 2	-29.0	29.0	-	-
Transfer from stage 1 to stage 3	-9.6	-	9.6	-
Transfer from stage 2 to stage 3	-	-66.3	66.3	-
Transfer from stage 3 to stage 2*	-	23.8	-23.8	-
Transfer from stage 2 to stage 1	85.5	-85.5	-	-
Transfer from stage 3 to stage 1*	12.1	-	-12.1	-
New financial assets originated	146.8	39.3	17.3	203.5
Increased expected credit loss	17.7	200.1	146.6	364.3
Assets derecognized	-29.8	-67.5	-519.1	-616.4
Decreased expected credit loss	-130.9	-27.3	-26.2	-184.4
Exchange rate movements	0.5	0.6	0.3	1.4
Macroeconomic model changes	4.5	2.4	0.7	7.6
Other changes	-64.1	-9.4	4.7	-68.8
<b>Impairment as at 31 December 2022</b>	<b>205.5</b>	<b>128.9</b>	<b>195.0</b>	<b>529.4</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	<i>-0.3</i>	<i>-35.0</i>	<i>35.3</i>	<i>-</i>

**2021**
*Amounts in NOK million*

	Stage 1	Stage 2	Stage 3	Total
<b>Impairment as at 1 January 2021</b>	<b>166.1</b>	<b>150.0</b>	<b>829.7</b>	<b>1,145.8</b>
Transfer from stage 1 to stage 2	-27.2	27.2	-	-
Transfer from stage 1 to stage 3	-9.3	-	9.3	-
Transfer from stage 2 to stage 3	-	-173.4	173.4	-
Transfer from stage 3 to stage 2	-	2.4	-2.4	-
Transfer from stage 2 to stage 1	100.1	-100.1	-	-
Transfer from stage 3 to stage 1	4.9	-	-4.9	-
New financial assets originated	77.9	21.1	6.5	105.5
Increased expected credit loss	33.3	218.7	224.2	476.2
Assets derecognized	-110.2	-47.5	-868.2	-1,025.9
Decreased expected credit loss	-47.1	-11.1	-94.6	-152.8
Exchange rate movements	-7.0	-5.2	-8.3	-20.5
Macroeconomic model changes	-2.6	-1.7	-	-4.3
Other changes	22.9	9.4	266.1	298.3
<b>Impairment as at 31 December 2021</b>	<b>201.9</b>	<b>89.7</b>	<b>530.7</b>	<b>822.2</b>
<i>Lazy payers reclassified at balance sheet date (from stage 1 and 2 to stage 3)</i>	<i>-0.5</i>	<i>-51.4</i>	<i>51.9</i>	<i>-</i>

\* mainly movements related to “lazy payers”

**Losses on loans**
*Amounts in NOK million*

	Q4 2022	Q4 2021	2022	2021
+/- Change in stage 3 impairment of loans in the period	-20.9	678.1	335.7	299.0
+/- Change in stage 1 and 2 impairments of loans in the period	-43.3	18.1	-42.7	24.4
Realized losses and effects of portfolio sales in the period	-71.7	-766.6	-585.1	-1,062.6
<b>Losses on loans</b>	<b>-135.8</b>	<b>-70.3</b>	<b>-292.1</b>	<b>-739.1</b>

## Note 3 – Regulatory capital

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Capital</b>		
Book equity	1,953.3	1,964.1
Additional Tier 1 capital	-199.6	-199.6
<b>Additions:</b>		
Phase-in effect of IFRS 9	150.3	104.5
<b>Deductions:</b>		
Additional value adjustment (AVA)	-1.5	-0.9
Other equity not included in core capital (foreseeable dividends)	-0.1	-
Deferred tax assets and other intangible assets and deductions	-123.2	-226.9
<b>Common equity Tier 1 including phase-in effect of IFRS 9</b>	<b>1,779.3</b>	<b>1,641.2</b>
Additional Tier 1 capital	199.6	199.6
<b>Core capital including phase-in effect of IFRS 9</b>	<b>1,978.8</b>	<b>1,840.7</b>
Subordinated loans (Tier 2)	65.0	65.0
<b>Total capital including phase-in effect of IFRS 9</b>	<b>2,043.8</b>	<b>1,905.7</b>
<b>Capital excluding phase-in effects of IFRS 9</b>		
Common equity Tier 1 excluding phase-in effect of IFRS 9	1,629.0	1,536.7
Core capital excluding phase-in effect of IFRS 9	1,828.5	1,736.3
Total capital excluding phase-in effect of IFRS 9	1,893.5	1,801.3

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Calculation basis</b>		
Loans and deposits with credit institutions	161.6	260.4
Loans to retail customers and IFRS 9 phase-in effect	7,018.3	5,759.1
Covered bonds	70.0	39.9
Other assets	32.8	295.9
<b>Calculation basis credit risk including phase-in effect of IFRS 9</b>	<b>7,282.7</b>	<b>6,355.4</b>
Calculation basis operational risk (standardised approach)	1,388.9	1,576.2
<b>Total calculation basis including phase-in effect of IFRS 9</b>	<b>8,671.5</b>	<b>7,931.5</b>
<b>Total calculation basis excluding phase-in effect of IFRS 9</b>	<b>8,544.9</b>	<b>7,853.2</b>

	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Capital ratios including phase-in effect of IFRS 9</b>		
Common equity tier 1 (CET1) (%)	20.5 %	20.7 %
Core capital (%)	22.8 %	23.2 %
Total capital (%)	23.6 %	24.0 %
<b>Capital ratios excluding phase-in effect of IFRS 9</b>		
Common equity tier 1 (CET1) (%)	19.1 %	19.6 %
Core capital (%)	21.4 %	22.1 %
Total capital (%)	22.2 %	22.9 %

The LCR (Liquidity Coverage Ratio) was 451% and the NSFR (Net Stable Funding Ratio) was 127% as at 31 December 2022. As at 31 December 2021, the LCR was 386% and the NSFR was 174%.

## Note 4 - Financial instruments

### Financial instruments at fair value

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
Certificates and bonds - level 1	470.5	-
Certificates and bonds - level 2	983.1	883.0
<b>Total financial instruments at fair value</b>	<b>1,453.5</b>	<b>883.0</b>

For further description of the financial instruments and levels, see Annual Report 2021.

### Financial instruments at amortised cost

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
Loans and deposits with credit institutions	807.8	1,301.8
Loans to customers	9,110.7	7,397.8
Other receivables	20.7	279.6
<b>Total financial assets measured at amortised cost</b>	<b>9,939.3</b>	<b>8,979.2</b>
Deposits from customers	9,347.6	7,933.9
Other debt	78.3	38.6
Subordinated loans (Tier 2)	65.0	65.0
<b>Total financial liabilities measured at amortised cost</b>	<b>9,490.9</b>	<b>8,037.5</b>

## Note 5 - Subordinated loans

<i>Amounts in NOK million</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
Subordinated loan (ISIN NO0010941131)	65.0	65.0
<b>Total subordinated loans</b>	<b>65.0</b>	<b>65.0</b>

For further description of the subordinated loan, see Annual Report 2021.

## Note 6 - Net interest income and net commissions and fees

<i>Amounts in NOK million</i>	Q4 2022	Q4 2021	2022	2021
Interest income from loans to customers	246.7	238.8	895.5	964.9
<i>of which sales commissions to agents</i>	-43.0	-16.1	-130.3	-138.7
Interest income from loans and deposits with credit institutions	7.3	0.5	11.5	0.5
<b>Total interest income calculated using the effective interest rate method</b>	<b>254.0</b>	<b>239.3</b>	<b>907.0</b>	<b>965.5</b>
Other interest income	-	-	-	-
<b>Total interest income</b>	<b>254.0</b>	<b>239.3</b>	<b>907.0</b>	<b>965.5</b>
Interest expense from deposit customers	-34.4	-9.5	-68.9	-52.6
Interest expense from subordinated loan (Tier 2)	-1.4	-1.0	-4.7	-4.3
Other interest expenses	-10.1	-6.5	-40.2	-24.9
<b>Total interest expenses</b>	<b>-45.9</b>	<b>-16.9</b>	<b>-113.7</b>	<b>-81.8</b>
<b>Net interest income</b>	<b>208.1</b>	<b>222.4</b>	<b>793.3</b>	<b>883.7</b>
Insurance services	8.3	8.4	32.2	35.3
Other commission income and fees	7.4	2.5	20.9	16.2
<b>Total commission income and fees</b>	<b>15.7</b>	<b>10.9</b>	<b>53.0</b>	<b>51.6</b>
Provisions to other bank connections	-1.0	-0.9	-4.3	-5.2
Other commission expenses and fees	-11.1	-13.1	-39.0	-57.7
<b>Total commission expenses and fees</b>	<b>-12.2</b>	<b>-14.0</b>	<b>-43.3</b>	<b>-62.9</b>
<b>Net commissions and fees</b>	<b>3.5</b>	<b>-3.1</b>	<b>9.8</b>	<b>-11.3</b>

## Note 7 - General administrative expenses and other expenses

<i>Amounts in NOK million</i>	Q4 2022	Q4 2021	2022	2021
Direct marketing expenses	-7.8	-8.3	-36.0	-32.1
IT-expenses	-23.7	-16.0	-69.4	-67.0
Other general administrative expenses	-16.8	-11.5	-53.5	-42.2
<b>Total general and administrative expenses</b>	<b>-48.3</b>	<b>-35.8</b>	<b>-159.0</b>	<b>-141.2</b>
Insurance	-0.5	-0.5	-1.7	-1.3
External audit and related services	-0.7	-0.7	-2.6	-2.0
Other consultants	-6.7	-2.5	-22.2	-13.8
Other expenses	-2.9	-5.3	-16.6	-17.8
<b>Total other expenses</b>	<b>-10.7</b>	<b>-9.0</b>	<b>-43.1</b>	<b>-34.8</b>

## Note 8 – Write-downs

The Bank launched a series of strategic initiatives in the beginning of 2022 aimed at improving throughput and efficiency. Simplifying technology was one of the strategic initiatives now being implemented with the dual goals of enhancing scalability and lowering costs. The Bank has begun to transfer its activities to a more efficient IT platform which will eventually result in a significant reduction in the cost of its IT infrastructure. The completion of the process is expected within 12 months.

As a result of the structural changes being made to the IT platform, the Bank has performed an assessment of the balance sheet and its intangible assets, which consist mainly of historical IT investments. In Q4 2022, "Depreciation and write-offs" includes a write-down of NOK 91 million related to impairment intangible assets. The impairment is related to IT systems the Bank has either phased out or will be phasing out during 2023.

## **Note 9 - Subsequent events**

The Board of Directors is not aware of any other events after the balance sheet that may be of material significance to the accounts.