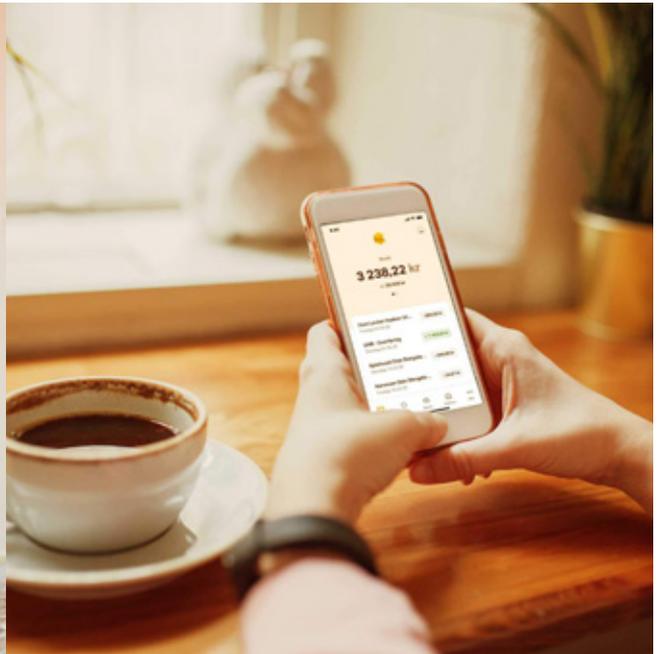




# Annual Report 2022

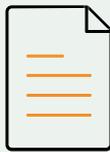
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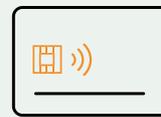
# Komplett Bank in brief

Komplett Bank ("the Bank") is a specialized consumer finance bank with an ambition to create long-term value by offering a variety of financing solutions primarily to consumers in the Nordic market. In an increasingly digital market, Komplett Bank focuses on creating customer value through flexible solutions and efficient and user-friendly processes. Komplett Bank follows a growth strategy based on product diversification and geographic expansion. The product portfolio includes consumer loans, credit cards, point-of-sales finance solutions, and high-yield deposit accounts.



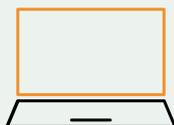
## Consumer loans

74 thousand customers  
NOK 8,618 million net loans



## Credit cards

56 thousand customers  
NOK 649 million net loans



## POS finance

185 thousand customers  
NOK 373 million net loans



## Deposit accounts

39 thousand customers  
NOK 9,348 million deposits

## Digital and scalable organisation headquartered in Lysaker, outside Oslo

Komplett Bank's strategy is founded on a digital, scalable, efficient and low-cost operating model combined with strong risk control. This strategy is enabled by maintaining a centralised corporate structure and fully digital operations utilizing modern technology. Komplett Bank's consumer financing products are offered to customers in Norway, Sweden and Finland. In addition, the Bank offers high-yield deposits accounts in Norway, Sweden and Germany.



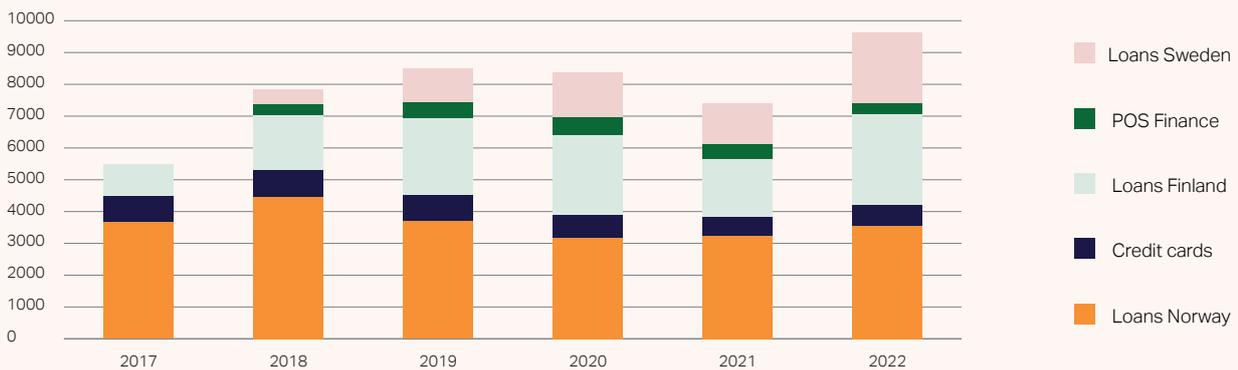
## Komplett Bank's strategic roadmap for geographical and product-wise expansion:

	 Consumer loans	 Credit cards	 POS Finance	 Deposit accounts
Norge	✓ Q1 2014	✓ Q4 2015	✓ Q3 2017	✓ Q1 2014
Finland	✓ Q1 2017	✓ Q2 2019	-	-
Sverige	✓ Q1 2018	✓ Q1 2019	✓ Q2 2018	✓ Q1 2020
EU	-	-	-	✓ Q4 2018 (EUR)

# 2022 in numbers

At the end of 2022, Komplet Bank had NOK 9,6 billion gross loans and approximately 314 thousand loan customers spread across different products and markets. Komplet Bank is well capitalised with a CET1 ratio of 20.5 % 31 December 2022.

Net loans (NOK million)



Gross loan distribution by product



Customer distribution by product



Gross loan growth

23.2 %

Gross loan (NOK)

9.6 bn

CET ratio

20.5 %

Capital ratio

23.6 %

## Key figures

Figures in NOK million	2022	2021	2020	2019	2018
<b>P&amp;L items</b>					
Net interest income	793	884	1 069	1 115	960
Total income	801	876	1 100	1 176	1 031
Operational expenses	-507	-415	- 388	- 442	- 339
Losses on loans	-292	-739	- 364	- 454	- 249
Profit after tax	1	-209	263	203	331
Earnings per share (NOK)	-0.07	-1.19	1.36	1.11	1.91
<b>Balance sheet items</b>					
Gross loan to customers	9,640	8,220	9,507	9,306	8,316
Net loans to customers	9,111	7,398	8,361	8,496	7,844
Deposits from customers	9,348	7,934	8,992	8,520	7,366
Total equity	1,953	1,964	2,304	1,850	1,620
<b>Other key figures</b>					
CET1 ratio	20.5 %	20.7 %	22.7 %	21.2 %	20.0 %
Total capital ratio	23.6 %	24.0 %	26.3 %	22.4 %	21.4 %
Cost/income ratio	63.3 %	47.4 %	35.2 %	37.6 %	32.9 %
Loan loss ratio	3.3 %	9.4 %	4.3 %	5.6 %	3.7 %
Return on equity (ROE) adj	-0.8 %	6.5 %	14.7 %	17.2 %	22.6 %
Price per share (NOK)	4.8	7.7	9.0	12.5	12.6
Number of shares (million)	187	187	187	184	173
Market cap (NOK million)	900	1 447	1 680	2 298	2 176

# Letter from the CEO

## Repositioning the Bank for profitable growth

In 2022, we established a strategic action plan which we gradually implemented throughout the year. In 2023, we will gradually reap the benefits of growth and increased efficiency before scalability will truly be manifested in 2024

Komplett Bank is on a journey that really started towards the end of 2021. At that time, we sold portfolios of defaulted loans and entered into ongoing sales agreements for defaulted loans (so-called forward flow agreements) in all countries where Komplett Bank operates. The clean-up of the balance sheet enabled us to reduce credit risk in the bank, and through this work, we are now in a much better place to position ourselves for growth going forward.

At the beginning of 2022, we carved out a new strategy with a clear goal of repositioning the bank for profitable growth, with a focus on improving risk-adjusted margins and significantly increasing efficiency and scalability. During the past year, we started delivering on this plan.

The first step was to reduce the management team from ten to six members with clearer and more defined areas of responsibility that would enable the overall management team to implement and deliver results of the new strategy more effectively.

Together, we have gained a good understanding of how to build a future-oriented company, and we have set ambitious goals to be a modern and cost-effective niche bank that is positioned for the exciting growth opportunities we see ahead.

In the second half of the year, we started seeing very good results from the many initiatives we put in place to increase new sales and grow the loan portfolio, resulting in a strong balance sheet growth of approximately 30% during the period, while managing to keep the margins relatively stable.

In addition, we are already seeing results from the structural measures we have implemented to reduce costs. At the same time, we see potential for significant further efficiency gains:

Technology simplification is one of the strategic initiatives that is now being implemented to improve scalability and reduce costs. We are well underway in transferring the business to a more efficient IT platform, which will eventually result in a significant reduction in IT infrastructure costs. We expect this process to take 12 months.

The tragic war in Ukraine has contributed to increased macroeconomic uncertainty throughout 2022. This uncertainty has spilled over into the household economy for most people, and many have experienced increased prices on groceries, electricity, and most notably, higher interest rates on loans. This global macroeconomic situation is likely to persist in 2023, which will affect consumer liquidity and spending patterns.

“ Komplett Bank today has a solid foundation that provides good support for our growth strategy.



However, we see positive prospects for growth and increased profitability this year. The prospects are based on the bank having a well-diversified loan portfolio of 10 billion Norwegian kroner, a continued strong inflow of loan applications, profitable operations, and exposure to a robust Nordic market for consumer financing.

We are by no means at the end of an exciting journey. Not even at the beginning of the end, but we are probably at the end of the beginning. It has been tough, but there has been great understanding for the changes that have been made. It has impressed me. I am very proud of the commitment of our talented employees. It will prove to be a real asset in the coming months and years.

Komplett Bank is currently a bank with a solid capital base that provides good support for our growth strategy. I look forward to continuing the journey towards a more profitable and cost-effective niche bank.

*Øyvind Oanes, CEO*

# Shareholder information

Komplett Bank strives to ensure non-discriminatory distribution of information in its communication with the financial markets to develop and retain investor confidence. Furthermore, the Bank strives to ensure that shareholders, investors, and analysts have sufficient information to assess a fair pricing of the Bank's shares.

Upon publication, all investor information, such as annual- and interim reports, presentations, and the financial calendar, shall be made available on the Bank's website.

For additional information regarding the Bank's share, reference Komplett Bank's investor relations website; [ir.komplettbank.com](http://ir.komplettbank.com).

## The share

Komplett Bank is listed on the Oslo Stock Exchange under the ticker KOMP. As of December 31, 2022, there were 187,594,488 shares issued with a nominal value of 1 Norwegian Krone. Apart from redemptions related to the Bank's option program and exercised subscription rights, the latest issuance was in March 2023, and prior to that in November 2017 when the Bank was listed on the Oslo Stock Exchange.

The market value of the company at the end of 2022 was 0.9 billion Norwegian kroner, down from 1.4 billion Norwegian kroner at the end of 2021. This corresponds to 0.5 times the book value of the Bank's equity as of December 31, 2022.

At year-end December 31, 2022, the share price was 4.80 NOK compared to 7.73 NOK at year-end 2021. This corresponds to a return of -37.9%. The stock price reached its highest value of 8.08 NOK in April 2022, while the lowest price of 4.80 NOK was recorded in December 2022.

Throughout 2022 Komplett Bank's shares were traded on 253 days out of 257 trading days at the Oslo Stock Exchange, and the average daily trading volume was 99,431 shares, equivalent to

25.2 million shares. This gives a turnover rate of 13% of the total number of outstanding shares.

## Voting rights

Komplett Bank has one share class with equal voting rights and are freely tradable. Shareholders' voting rights at the general meeting correspond to the number of shares they own and have registered with the Norwegian Central Securities Depository (VPS) at the time of the meeting.

## Dividend policy

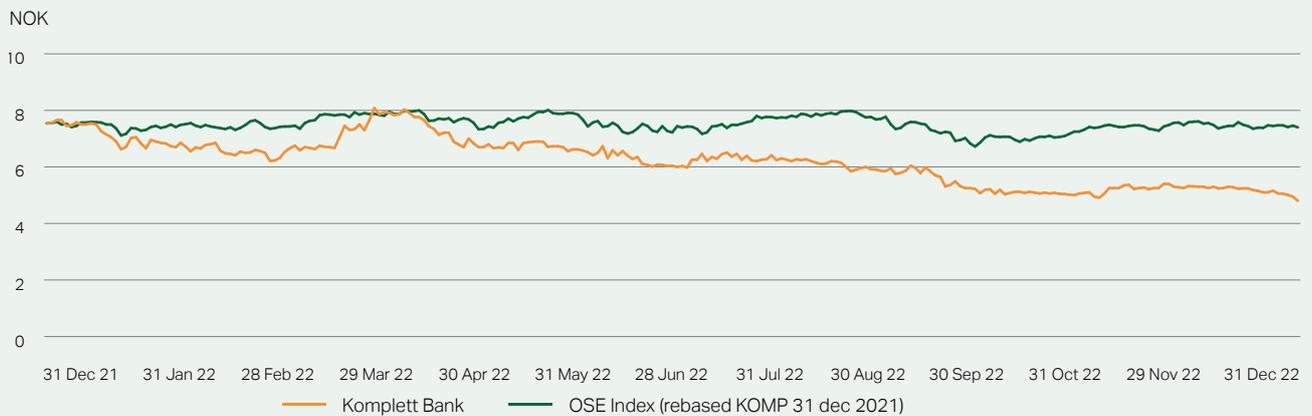
The Board of Directors of Komplett Bank has adopted a dividend policy that ensures the Bank has sufficient capital to grow in selected markets in accordance with its strategy. Available capital beyond this will be returned to shareholders in the form of dividends. Komplett Bank paid its first dividend in April 2021, equivalent to NOK 0.42 per share. No dividend will be paid for the 2022 financial year.

## Shareholders

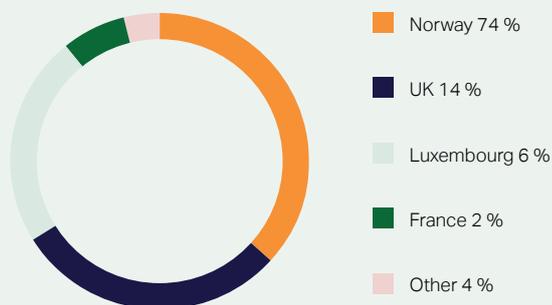
Komplett Bank had a total of 3,495 shareholders at the end of 2022, where the 10 largest shareholders owned 53.3% of the shares. The majority of the bank's shares are owned by Norwegian investors. At the end of 2022, 138,348,936 shares were owned by Norwegian investors and 49,245,552 shares were owned by foreign investors. This gives a foreign ownership share of 26.3%.

Kistefos is the largest shareholder in Komplett Bank with a holding of 44.7 million shares, equivalent to 23.8% of the number of issued shares at the end of 2022.

## Relative share performance



## Geographical distribution of shareholders as of 31 December 2022



## Largest shareholders as of 31 December 2022

	Number of shares (thousands)	Ownership (%)
Kistefos AS	35,747	19.1 %
UBS AG	17,243	9.2 %
Alfab I AS	9,111	4.9 %
DNB NOR Bank ASA	8,021	4.3 %
Skandinaviska Enskilda Banken AB	6,452	3.4 %
Rbc Investor Services Bank S.A.	5,153	2.8 %
UBS AG London Branch	5,005	2.7 %
OM Holding AS	4,269	2.3 %
Melesio Invest AS	3,485	1.9 %
Directmarketing Invest AS	3,415	1.8 %
<b>Total</b>	<b>97,903</b>	<b>52.3 %</b>

## Analysts

Below is an overview of investment banks with active coverage of Komplett Bank as of 31 December 2022, including the name and contact information of the analysts. Which banks and analysts that have active coverage of Komplett Bank may change at any given time. For an updated list, please visit our investor relations webpage; [ir.komplettbank.com](http://ir.komplettbank.com).

Company	Analyst	Phone	Email address
ABG Sundal Collier	Jan Erik Gjerland	+47 22 01 61 16	jan.gjerland@abgsc.no
Pareto Securities	Vegard Toverud	+47 22 87 88 24	vegard.toverud@paretosec.com
SEB	Thomas Svendsen	+47 21 00 85 18	thomas.svendsen@seb.no
SpareBank 1 Markets	Mari Panengstuen Lars Daniel Westby	+47 24 13 37 66 +47 24 14 74 00	mp@sb1markets.no lars.westby@sb1markets.no

# Board of Directors



## Stig Eide Sivertsen

### Chair of the board

Mr. Sivertsen has served as independent board member in Komplett Bank ASA since the general meeting of 2018. He was appointed Chair of the Board in August 2019. He has broad operational experience from technology, media and finance as well as extensive experience as a board member of listed companies. Sivertsen served as CFO in Schibsted and PGS, was the founder and CEO of Nettavisen and group CEO of Telenor Broadcast Holding AS, in addition to group CEO in Opplysningen (1881) AS. He holds a BA (Hons) Econ and an MSc. from University of Durham (UK) and supplementary Law degree from the University of Bergen.



## Bodil Palma Hollingsæter

### Vice chair of the board

Bodil Hollingsæter has been Vice Chair of the Bank since April 2015 and has served on the board since March 2014. Bodil holds several board positions, and has an extensive banking background on an executive level from positions such as Director at Innovation Norway, Regional General Manager at Sparebanken Møre and Bank Manager at Romsdals Fellesbank. She also has also prior board experience from companies including Eksportfinans, Kommunekreditt and Kommunalbanken. She holds an MSc. in Business and Economics and an AFA (CEFA equiv.) from the Norwegian School of Economics.



## Nishant Falia

### Member of the board

Board Member since February 2021. Mr. Falia is Investment Director in Kistefos AS and has worked in Kistefos for more than 10 years. During that period, he has followed up the company's significant involvement as a shareholder in both Norwegian and international banks, and is, among other things, a member of the board of Advanzia Bank based in Luxembourg operating in a number of European countries. Falia also holds a number of board positions in other companies in significant growth.



## Anna-Karin Østlie

### Member of the board

Anna-Karin Østlie has broad experience from both the financial and the technology sector. She has served as CEO of Mastercard Payment Services Norway and was part of the management team that sold Nets account to account business to Mastercard in 2019. Her experience includes executive positions in DNB Wealth Management and EY in the Nordics and in London. She has boardroom experience from IT companies Kantega, ShiftX and Norsk Pensjon as well as Advisory Board positions with NCE Finance Innovation and Askeladden & Co. Anna-Karin holds a Master of Science degree in Industrial Engineering and Management from the University of Linköping in Sweden and supplementary executive education from IMD in Lausanne, Switzerland and Stanford University in Palo Alto, United States.



## Thomas Bjørnstad

### Member of the board

Board member since April 2022. Thomas is CFO in Aera, the payments and ID technology firm founded by tier 1 retailers Coop and NorgesGruppen. Thomas has worked within the financial services, technology, and payment industries for two decades both as a trusted advisor to many companies as managing partner and partner in PA Consulting Group and in executive positions in Nets. Thomas holds a MSc. (Siviløkonom) from the Norwegian School of Economics (NHH).



## Jonna Kyllönen

### Member of the board

Employee elected board member since March 2020. Ms. Kyllönen has been employed in Komplett Bank ASA since November 2016 and currently holds the position as Operations Manager for Customer Service. She has broad experience from the banking sector in Finland and managing customer service operations. Before working in the bank, Kyllönen worked with both individual investments and lending. Ms. Kyllönen holds an MBA from Kajaani University of Applied Sciences and a BBA from Jyväskylä University of Applied Sciences.



## Per Olav Mikaelson

### Member of the board

Employee elected board member since January 2023. Mikaelson has been employed in Komplett Bank ASA since July 2019 in several different positions and currently holds the position as Product Developer. Per Olav also has previous experience from banking and insurance from past positions in Nordea and Sparebank 1. Per Olav holds a BBA from the University of South-Eastern Norway.

# Management



## Øyvind Oanes

### Chief Executive Officer

Mr. Oanes joined Komplett Bank as CEO in October 2021. Prior to joining the bank he was a partner at Exton Consulting, a strategy consulting firm specializing in banking. Mr. Oanes has extensive experience from the sector and has held the positions of Group CEO of 4finance, CEO of Swiss fintech company Numbrs and CEO of Raiffeisen's multi-country digital bank ZUNO. He was a Managing Director at Austria's Bawag Group and spent several years working for GE Capital. In addition, he has broad experience from various board positions in Austria, Switzerland and Norway, including Monobank and BRABank.



## Eirik Holtedahl

### Chief Financial Officer

Mr. Holtedahl was appointed Chief Financial Officer in February 2022. Mr. Holtedahl has more than 20 years of experience working with consumer finance, credit cards and financial services. Previous positions include Co-Founder, CFO and Deputy CEO in Advanzia Bank, Luxembourg, Co-Founder and VP of Treasury in Bankia Bank ASA and Deputy Director General in the Norwegian Ministry of Finance. Mr. Holtedahl holds a Bachelor of Commerce, Economics and Accountancy from Concordia University (Canada) and an MSc. studies in Economics from the University of Oslo.



## Martin Valland

### Chief Technology Officer (interim)

Mr. Valland was appointed interim Chief Technology Officer in March 2022. Mr. Valland has a comprehensive background in the financial services industry. Previous experience includes co-founder and CTO of Monobank/BRABank and Chief Software Architect at Skandiabanken/Sbanken. He holds an MSc in Computer Science from NTNU.



## Wilhelm B. Thomassen

### Chief Operating Officer

Thomassen served as Chief Compliance officer from May 2015 until May 2019, at which time he was made Director of Legal and HR. He also served as a board member from December 2012 to May 2015. Previous positions include Director Lean & Business Development at Statoil Fuel and Retail and Department Director of Cards at Santander Consumer Bank. Mr. Thomassen holds a master's degree in European Business from Royal Holloway University of London and an Executive MBA from the Norwegian School of Economics.



## Annika Ramstedt

### Chief Credit Risk Officer

Ramstedt has been with Komplett Bank since early 2017. Before being appointed Chief Credit Risk Officer in June 2019, she worked for a period as Project Director followed by Director Loans Sweden & Finland. She has an extensive background in the Consumer Finance sector in roles such as Head of Personal Loans in Bluestep and Head of Credit Risk Sweden at EnterCard. She holds a BA in Statistics from the University of Stockholm.



## Enok Hanssen

### Chief Commercial Officer

Mr. Hanssen has been with the company since early 2017 as Director of POS and in June 2019, his responsibilities were expanded to include overseeing consumer loans, and now CCO. Before joining Komplett Bank Hanssen held a number of positions with Intrum Justitia, including Group IT Director Western Europe, Managing Director for Intrum Justitia Italy and Business Development Manager Central Europe. He also held the position of CIO/COO for Buckaroo. Mr. Hanssen holds a BBA from the University of Gothenburg.

# Corporate governance

## Norwegian Code of Practice for Corporate Governance

### 1. Statement of corporate governance

Good corporate governance is a key priority for the Board of Komplett Bank. The Bank seeks to maintain high standards for corporate governance which it considers to be an important prerequisite for long-term value creation.

As a Norwegian public limited company listed on the Oslo Stock Exchange, Komplett Bank is subject to requirements in accordance with the Accounting Act 3-3b as well as the Oslo Stock Exchange's "Ongoing obligations for listed companies" regarding the annual statement of principles and practices for corporate governance. The Bank follows the Norwegian Code of Practice for Corporate Governance (the "Code"), adopted by the Norwegian Committee for Corporate Governance (NUES) on 14 October 2021. The Code is built on the "follow or explain" principle, which means that companies applying the Code may deviate from individual regulations but must then provide an explanation for the deviation.

Komplett Bank's management and Board conduct an annual review of the Bank's principles and practices relating to corporate governance. This report explains Komplett Bank's principles for corporate governance, and how the Bank complies with the Code. There are no significant discrepancies between the Code of Practice and Komplett Bank's practice.

### 2. Operations

Komplett Bank may, within the framework of the legislation that applies at any given time, perform all transactions and services that are common or natural for banks to perform. This is stated in the Bank's articles of association, which are available at [www.komplettbank.no](http://www.komplettbank.no).

Komplett Bank primarily offers unsecured financing to private individuals who qualify after a specific credit assessment. Komplett Bank also follows a growth strategy based on geographical distribution in the Nordic region and has launched its loan products aimed at the private market in Norway, Finland and Sweden. Credit cards are offered in Norway, Finland and Sweden. The Bank offers point-of-sale (POS) financing products in Norway and Sweden. Deposit accounts are offered to private customers in Norway, Sweden and Germany.

The Board sets clear goals, strategies and a risk profile for the Bank with a view to creating value for its stakeholders. The Bank's goals, strategies and value creation are reviewed annually by the Board and communicated to the market through annual and quarterly reports.

Komplett Bank has also prepared several guidelines that will guide the Board, management and employees in their daily work, as well as contribute to building trust and credibility internally and externally. These include guidelines for ethics, anti-corruption and money laundering, data security and whistleblowing. Corporate governance at Komplett Bank is designed to achieve the Bank's strategic goals and at the same time safeguard the Bank's values and ethical guidelines. An organisational structure has been established with clearly defined areas of responsibility that facilitate the overall management of the Bank.

The Bank's goals, strategies and risk profile are described in the annual report for 2022, together with an account of the Bank's work related to ESG responsibility

### 3. Share capital and dividends

The Board of Directors of Komplett Bank continually assesses the Bank's capital situation considering regulatory requirements, the Bank's goals, strategy and the desired risk profile. Komplett Bank aims to have a total capital adequacy ratio of 21.6%, including a common equity Tier 1 capital adequacy ratio of 18.1% to provide room for manoeuvre to achieve the Bank's financial targets.

Komplett Bank had at 31 December 2022 an equity of NOK 1,953.3 million. In accordance with established calculation rules for capital adequacy for financial enterprises, Komplett Bank's total capital adequacy was 23.6%, while the common equity Tier 1 capital adequacy was 20.5%. The requirement for common equity Tier 1 capital is 17.6%, and the Board considers the Bank's capital position to be satisfactory.

Komplett Bank's Board of Directors has adopted a dividend policy to ensure that the Bank has sufficient capital to grow in selected markets in accordance with the Bank's strategy. Surplus capital will be distributed to the shareholders in the form of dividends. Komplett Bank paid its first dividend in 2021 of NOK 0.42 per share, a total NOK 78.5 million. No dividend is paid in 2022.

### Board authorisations

At the annual general meeting on April 7th, 2022, three authorizations were given to the board with defined purposes. Each of the authorizations were voted on separately.

- Authorization to increase the Bank's share capital by up to 4 million NOK in connection with the Bank's employee option scheme was granted at the Annual General Meeting on April 7, 2022. As of December 31, 2022, the authorization has been partially used. The authorization is valid until the Bank's Annual General Meeting held in 2023, but not beyond June 30, 2023.
- Authorization to issue eligible capital approved as additional core capital and/or eligible loan approved as supplementary capital for up to 200 million Norwegian kroner. The authorization is valid until the ordinary general meeting held in 2023. As of December 31, 2022, the authorization has not been utilized.
- Authorization to purchase own shares for up to 5 million NOK to optimize the Bank's financial structure. The authorization is valid until the Bank's ordinary general meeting held in 2023, but no later than June 30, 2023. As of December 31, 2022, the authorization has not been used.

### 4. Equal treatment of shareholders and transactions with associates

The Board of Directors and the management of Komplett Bank emphasise that all shares in the Bank must be treated equally and that they must have the same opportunity to exert influence. Komplett Bank has one share class, and each share allows one vote.

The Bank's transactions in own shares are made on the stock exchange or in some other manner at the stock exchange price. In the event of increases in the share capital, the Bank's existing shareholders have a pre-emptive right. Any deviation from this pre-emptive right must be justified in a stock exchange announcement related to the capital increase. There were no such cases during 2022.

Komplett Bank has established, as a supplement to the board instructions, guidelines for transactions with related parties. This means, among other things, that transactions with related parties must be carried out at arm's length and on market terms. For not insignificant transactions between the Bank and related parties, an independent valuation must be obtained which must be made known to the shareholders. As of December 31, 2022, Komplett Bank had no such agreements.

Komplett Bank has had a longstanding commercial and strategic partnership with Komplett Group based on a collaboration agreement between Komplett AS and Komplett Bank ASA. The agreement involves intellectual property rights, marketing collaboration, and other services. There is also an agreement for product collaboration related to the Bank's credit card with an associated benefits program. The agreement was renewed in 2018 for a duration of 5 years. The partnership has also included an

agreement with Komplett AS for the development of a solution for integrating the Bank's products for purchase financing (POS) into the Komplett group's point-of-sale solutions.

In Q4 2022, the Bank reached an agreement with Komplett Group to exit the POS financing partnership. This is a result of the jointly developed POS product no longer meeting expected returns, as well as progress in the Bank's strategic repositioning. The Bank and Komplett Group have also agreed to terminate the agreement related to the use of the Komplett brand. As a result of the above, the POS product will be discontinued and the royalty fee agreement will be terminated effective from May 1, 2023.

Komplett Bank will be launched under a new name in May 2023.

The Bank's products are implemented with all their core functionality as part of the trading platforms for [komplett.no](https://komplett.no) and [komplett.se](https://komplett.se). All transactions with related parties are carried out on similar terms and conditions as if they had been entered into between independent parties. For more information on transactions with related parties, see note 21 in the annual report for 2021.

### 5. Shares and negotiability

Komplett Bank's shares are listed on the Oslo Stock Exchange with the ticker "KOMP" and are freely tradable. The articles of association do not contain any restrictions related to owning, trading or voting for the Bank's shares.

### 6. General Assembly

Through the General Assembly of Komplett Bank, the shareholders exercise the supreme authority in the Bank. According to the articles of association, the Annual General Meeting must be held each year by the end of April.

Notice of the general meeting, as well as a meeting notice and a proxy form, will be made available on Komplett Bank's website [ir.komplettbank.com](https://ir.komplettbank.com) no later than 21 days before the general meeting is held.

Shareholders who wish to attend the general meeting must send in the registration form or proxy form as stated in the meeting notice. The procedure for voting, including the procedure for attending by proxy, and the shareholders' right to submit alternatives to the Board's proposals on the agenda of the general meeting, must be included in the notice.

According to Komplett Bank's articles of association, the chair of the Board declares the general meeting open and facilitates the election of an independent chairperson. The Board members and auditor must also attend the ordinary general meeting. The Board members have the right to be present and speak at the general meeting. The chair of the Board and the managing director have a duty to attend unless there is an excused absence, in which case a deputy must be appointed.

The general assembly elects the Board's shareholder-elected members as well as members of the nomination committee. The general meeting also elects the Bank's auditor. Separate voting is arranged for members of the Board and the nomination committee who are up for election.

Decisions are made by a simple majority unless otherwise provided by law or articles of association. The regular general meeting was held on April 7, 2022, with 44.29% of the total outstanding shares and votes represented. Stig Eide Sivertsen was re-elected as chairman of the board. In addition, Anna-Karin Østlie and Thomas Bjørnstad were elected as board members for 2 years and 1 year, respectively.

### 7. Nomination committee

In line with the articles of association, the Bank has established a nomination committee consisting of three members. The members are elected by the general meeting for two years at a time. As at 31 December 2022, the nomination committee consists of:

Tom O. Collett (chair, up for election in 2024)  
Nils J. Krogsrud (up for election in 2023)  
Alexander Farooq (up for election in 2024)

All three, in accordance to article 7 in the Norwegian code of practice, are considered independent of the Board and day-to-day management. Board members, the CEO and other members of the Bank's executive management may not be elected as members of the nomination committee.

Separate guidelines have been issued for the nomination committee's tasks, composition and criteria for eligibility

The nomination committee's duties are to propose candidates for election as members of the Board and to make recommendations on remuneration for members of the Board and its subcommittees, as well as for the nomination committee. The report from the Board's annual self-evaluation is handled by the nomination committee. The nomination committee shall report on its work and present its reasoned recommendation to the general meeting.

The recommendation must include relevant information about the candidates and an assessment of their independence from the company's management and Board. The nomination committee should be in contact with shareholders, the Board members and the CEO in the task of proposing candidates for the Board and getting support for its recommendation from the Bank's largest shareholders. The nomination committee's reasoned recommendation to the general meeting is made available no later than 21 days before the general meeting is held. The nomination committee's recommendations must always satisfy the requirements for the composition of the Board laid down in applicable legislation and relevant regulations.

### 8. Board of directors, composition and independence

According to the current articles of association, the Bank's Board of Directors must consist of five members who are all elected by the general meeting, as well as two employee representatives who are elected by and from among the Bank's employees.

Overall, the Board shall have the competence that is necessary to carry out its tasks based on the Bank's organisation and activities, and at least one of the members shall have qualifications in accounting or auditing. According to the current articles of association, two of the Board's elected members must be employees of the Bank. For these members, two personal deputies with the right to attend and speak on the Board shall be elected.

The General Assembly elects the chair and deputy chair of the Board. The Board members are elected for two years at a time.

The majority of the shareholder-elected members of the Board of Directors are independent of senior executives and significant business associates and at least two of the shareholder-elected members are independent of the Bank's main shareholders.

In 2022, the Board held 13 meetings. The audit and risk committee has held 8 meetings.

### AS AT 31 DECEMBER 2021, THE BANK'S BOARD OF DIRECTORS CONSISTED OF THE FOLLOWING MEMBERS:

Name	Role	Independent of largest shareholder	First time elected	On election	Number of meetings in 2021	Number of shares in Komplett Bank
Stig Eide Sivertsen <sup>1</sup>	Chair	Yes	2018	AGM '24	13	200,000
Bodil Palma Hollingsæter <sup>1</sup>	Vice chair	Yes	2014	AGM '23	13	500,394
Live Haukvik	Board member	Yes	2013	AGM '24	10	0
Nishant Fafalia <sup>1</sup>	Board member	No	2021	AGM '24	13	77,121
Thomas Bjørnstad	Board member	Yes	2022	AGM '23	10	0
Jonna Kyllönen	Employee elected	Yes	2020	AGM '24	13	6,343
Frank James Wilson <sup>2</sup>	Employee elected	Yes	2022	AGM '24	10	0

<sup>1</sup> Stig Eide Sivertsen owns 100% of Theoline AS which owns 200,000 shares in Komplett Bank, Bodil Palma Hollingsæter owns 50% of To & Bo AS which owns 459,117 shares in Komplett Bank and Nishant Fafalia owns shares directly and indirectly in Sniptind Invest AS which owns 7,121 shares in Komplett Bank.

<sup>2</sup> Per Olav Mikaelson was elected as an employee representative in an election held in January 2023. He is elected for a term until the regular general meeting in 2024.

### 9. The work of the Board of Directors

The Board of Komplett Bank shall ensure a sound organisation of the business. The Board adopts plans and budgets as well as guidelines and necessary authorisations for the Bank's activities and ensures that the company has appropriate systems in place for risk management and internal control. The Board keeps informed on an ongoing basis about the company's financial position when reviewing and approving quarterly and annual reports as well as monthly reviews of Komplett Bank's financial position and development.

The Board monitor and manage the Bank's overall risk. Furthermore, the Board shall regularly assess whether the Bank's management and control routines are adapted to the level of risk and the scope of the business.

The Board of Directors has approved up a set of instructions for the Board's responsibilities and duties. The Board has prepared an instruction for the Board's responsibilities and tasks, which matters are to be dealt with by the Board, as well as procedures and rules. In accordance to article 9 in the Norwegian code of practice, the board instructions describes how the Board should process agreements with related parties. The BoD report should contain information if such agreements are made. The purpose is to be transparent of any potential conflict of interest. The Board also establishes an annual plan for its work.

The Board has also established instructions for the day-to-day management of the Bank. The CEO is responsible for ensuring that the Board's adopted goals, frameworks, guidelines and authorisations for the Bank's risk management and internal control are observed, including ensuring that senior executives implement and document necessary internal control measures to identify, measure, monitor and control risk as well as provide the Board with relevant and timely information that is important for the Bank's risk management and internal control. The CEO is also responsible for ensuring compliance with the Bank's policies and guidelines, as well as with the Board's decisions.

The Bank has adopted special procedures regarding notification and impartiality where Board members and/or management have a personal or financial interest in transactions the Bank enters into. Before a case that is of particular importance to Board members or company management, or any related parties, is handled, the person who is not eligible to participate in the handling of the case or the decision must declare his/her ineligibility and refrain from all further involvement in the case. The same follows from the Bank's ethical guidelines.

### Board committees

The Board has established an audit and risk committee consisting of two external Board members, in which the CEO and CFO participate from the administration. The committee makes thorough assessments of the Bank's risk management and internal control as well as the Bank's financial position, including financial reporting. The audit and risk committee shall further ensure that the Bank has an independent and efficient external and internal audit and satisfactory financial reporting in accordance with laws and regulations. At the end of 2022, the committee consisted of Bodil Palma Hollingsæter (chair) and Stig Eide Sivertsen. 8 meetings of the audit and risk committee were held in 2022, with both members present.

The Board has also established a remuneration committee consisting of up to 2 Board members and an employee representative, who are independent of the company's management. The remuneration committee is responsible for preparing and proposing Komplett Bank's remuneration scheme to the Board and shall ensure that it contributes to promoting and providing incentives for good management and control of the Bank's risk, counteracts high risk-taking and contributes to avoiding conflicts of interest. The remuneration scheme is designed in accordance with the requirements applicable at any given time for financial enterprises in law and regulations. In accordance with the Public Limited Liability Companies Act 6-16a, the Board prepares a statement on the determination of the salaries for the CEO and other senior executives. At the end of 2022, the remuneration committee consisted of Stig Eide Sivertsen (chair), Nishant Fafalia (member) and Jonna Kyllönen (member). A management remuneration report is prepared in accordance with section 6-16b of the Public Limited Companies Act, and is published simultaneously with the annual report on [ir.komplettbank.com](http://ir.komplettbank.com).

### 10. Risk management and internal control

Risk management and internal control form a central part of Komplett Bank's strategy and operations. The Bank has implemented guidelines and procedures to ensure that risk management and internal control are appropriate and sufficient considering the level of risk and scope of the business.

The Board of Directors of Komplett Bank is responsible for ensuring that the Bank has regulatory capital that is appropriate for the risk profile adopted and regulatory requirements. Risk management and internal control also form a key part of the Bank's assessment of the capital requirements in the short and long term, where risks associated with the business and potential risks are included in the assessment.

Risk management and internal control in the Bank shall ensure the achievement of the Bank's strategic goals and at the same time ensure solid financial stability. This goal is achieved by::

- A strong organisational culture characterised by a high awareness of risk.
- Good understanding of risks that create earnings, including the ability to operate within the risk profile defined by the Board.
- Striving for optimal capital utilisation within the adopted business strategy
- Avoiding unexpected events that could have a material adverse effect on the Bank's financial position or reputation.

As Komplett Bank primarily generates earnings through credit exposure in the retail market for unsecured credit, it follows from the guidelines that Komplett Bank's risk appetite for credit risk is higher than the risk appetite for liquidity, market and operational risk.

Komplett Bank has established ethical guidelines that apply to all employees, as well as a framework for risk management and internal control that includes, among other things, guidelines for anti-corruption and money laundering, data security, accounting reporting and handling of inside information. Komplett Bank is subject to statutory supervision in the countries where licensed activities are conducted, including by the Financial Supervisory Authority of Norway in Norway, in addition to control from the Bank's own control bodies and external auditor.

#### ***Risk management and internal control***

The areas of responsibility of the Board and the CEO are defined in the Board instructions and the instructions to the CEO, respectively. In addition, the Bank has a clear organisational structure with clearly defined roles and areas of responsibility for the Bank's risk management and internal control.

Risk assessment is part of the Bank's management responsibility, where the department heads are responsible for identifying, assessing and managing risks related to their area that may affect the Bank's ability to achieve its goals. These assessments are regularly reported to the CEO.

The responsibility for the Bank's independent control functions for risk and internal control lies with the Bank's risk control function and the compliance function. The risk control function shall ensure that all significant risks in the company are identified, handled and reported by the relevant units in Komplett Bank. The risk control function reports directly to the Board in cases where the Board does not receive the necessary information in the normal internal reports or notifies the Board in cases where identified risks affect or may affect the Bank negatively. The compliance function is responsible for performing independent control, advisory, reporting

and monitoring the Bank's compliance with internal and regulatory requirements, and reports directly to the CEO and the Board.

The Bank has also established a balance sheet committee, which exercises the overall management of the Bank's liquidity risk level. The committee prepares, i.a., proposals to the Board of Directors for changes in the Bank's financial policy and decides on investment strategies and changes in the terms of the Bank's deposit products as well as follows up internal control and reporting. The committee is also responsible for preparing matters for the Board regarding the internal capital assessment process (ICAAP), including judging capital requirements, and the Bank's contingency plan for liquidity. The committee consists of the CEO, CFO, CCRO, and CCO, and is chaired by the CFO.

The CEO, CFO, CCRO and CCO make up the Bank's credit committee. The compliance officer has the right to attend, but not the right to vote. The committee is chaired by the director of credit and debt collection. The credit committee shall, among other things, approve proposals to the Board of Directors regarding changes to the Bank's credit policy, decide on the delegation of credit authorisations and change or establish new credit routines and credit processes. Furthermore, the committee shall follow up internal control and submit regular reports regarding the Bank's exposure and management of credit risk.

In 2019, the Board established an internal audit function as part of the work to ensure good internal control and identify risks. EY was elected as an independent internal auditor. The role of the internal audit is to check that the Bank is organised and operated in a responsible manner and in accordance with current requirements for the business. Matters that are considered unsatisfactory must be reported to the audit and risk committee and the general manager. The internal auditor performs his audit in accordance with annual audit plan approved by the Board and instructions established by the Board.

#### ***Financial reporting***

Komplett Bank's CFO is responsible for the finance department and shall always maintain an overview of the Bank's financial position and prepare accounts and reports, including preparing the financial reporting to public authorities and conducting ongoing management and control of the Bank's total liquidity and financial risk. The CFO is also responsible for ensuring that the accounting process takes place in accordance with current regulations, including IFRS.

The Board receives periodic reports on the company's financial results, as well as quarterly reports in connection with the Bank's earnings reports. The auditor participates in meetings with the audit and risk committee and the Board meeting related to the presentation of the preliminary annual accounts.

The finance department is responsible for risk management related to market risk, liquidity risk, financial risk and counterparty risk outside the lending business. The finance department is responsible for complying with risk decisions adopted in the Bank's finance policy, which are adopted by the Board of Komplett Bank. The policy sets the framework for what the board considers to be an acceptable risk profile and should contribute to appropriate risk management and internal control, thereby ensuring regular reporting and monitoring. Information on the Bank's most significant risk factors is described in the board's annual report and notes 15, 16, and 17 to the annual financial statements.

### 11. Remuneration to the board

The Board's remuneration is determined by the general meeting based on a recommendation from the nomination committee. Remuneration to the Board of Directors is not performance-dependent or dependent on the performance of the Bank's shares. No options are issued to the Board members, and the shareholder-elected Board members are not entitled to a pension scheme or severance pay from the company. None of the shareholder-elected Board members have duties for the Bank beyond the Board position.

The remuneration to the Board is explained in more detail in the annual report, note 20.

### 12. Remuneration to senior executives

The Bank has prepared guidelines for remuneration for its senior executives as well as other employees with significant responsibility for the company's risk exposure. The purpose of the guidelines is to help promote and provide incentives for good management and control of the Bank's risk, counteract high risk-taking and help to avoid conflicts of interest. The Bank's guidelines for remuneration to senior executives are described in note 20 to the annual accounts for 2022 and are presented annually for consideration of the general meeting. It is clearly stated which guidelines are indicative for the Board, and which are binding. The general meeting votes separately on the two parts of the guidelines.

Remuneration to senior executives consists of a fixed salary, variable remuneration as well as pension and insurance schemes. It shall motivate hard work to achieve long-term value creation and sensible risk-taking in the Bank.

The Board makes an annual assessment of the maximum level for variable remuneration to management employees. For 2022, the variable remuneration is limited to 50% of the fixed salary. 50% of the variable remuneration is granted as share options, which is vested with equal amounts once a year, the first time one year after grant date. Remuneration is determined based on an overall assessment, based on quantitative and qualitative factors related to the individual's role and responsibilities, as well

as the Bank's results, risk profile and value creation over time. Komplett Bank's variable remuneration scheme is designed in accordance with current requirements for remuneration schemes for banks.

A share option programme has also been established for senior executives. The option programme is based on the employee's basic salary and other variable remuneration, with the possibility of receiving options for up to 33% of the fixed salary. The share options are granted at full market value at the time of the allotment based on the trading price in accordance with Black & Scholes' option pricing model, and entails a lock-up period of three years. Regarding fixed salary, the employees may, within intervals based on the employee's position in the Bank, choose the proportion of the salary to be granted in share options. The option programme is reviewed and evaluated annually by the Bank's Board.

### 13. Information and communication

Komplett Bank has adopted an investor relations policy to ensure that the financial market and shareholders have sufficient information about Komplett Bank to ensure efficient pricing. This is available from the website [www.ir.komplettbank.com](http://www.ir.komplettbank.com). The Bank will strive to ensure non-discriminatory sharing of information when the Bank is in contact with shareholders and analysts. Communication with shareholders, investors and analysts is a priority for the Bank. It is mainly the CEO and CFO who speak on behalf of the Bank to the capital markets.

Investor information such as annual and interim reports, open presentations and the financial calendar are made available on the Bank's website at the same time as they are released to the market. Stock exchange announcements are published via the Oslo Stock Exchange's official communication channel for listed companies, Newsweb.

The Board has also established guidelines for the Bank's contact with shareholders outside the general meetings.

### 14. Company acquisition

Any party who wants to carry out acquisitions that will result in them becoming the owner of a qualified ownership interest (10% or more) in a financial enterprise, must in advance send notification of this to the Financial Supervisory Authority of Norway. Acquisition of a qualified ownership interest can only be carried out with permission from the Financial Supervisory Authority of Norway.

The Bank has prepared guidelines for any takeover bids, and the Board of Komplett Bank will handle any bids in accordance with these guidelines.

### 15. Auditor

Komplett Bank's auditor is PricewaterhouseCoopers AS, and is elected by the general meeting. The auditor presents the annual plan for carrying out the audit work to the Board. The auditor participates in Board meetings that consider the annual accounts and annually reviews the company's internal control of the Board. In accordance with established Board instructions, the Board meets with the auditor at least once a year without the CEO or

other executive managers being present. The auditor confirms in writing each year its independence and reports each year on which services other than statutory auditing have been provided to the company during the financial year. The bank has drawn up its own guidelines for which non-audit tasks can be performed by the Bank's auditor.



# ESG/Sustainability/CSR report

## Introduction

For Komplett Bank, sustainability is about running a responsible business in all relevant areas. The Bank's intention is to have as limited a negative impact as possible.

Stakeholder value creation is the foundation for Komplett Bank's strategy, and the beacon for the Bank's environmental, social and governance (ESG) framework, goals and KPIs.

Komplett Bank's mission is to provide straightforward and intuitive financing services to creditworthy individuals. By offering financial flexibility, Komplett Bank empowers its customers to take charge of their own situation, in their own way and on their own time.

By being a responsible lender and providing creditworthy individuals with financial flexibility, Komplett Bank contributes to generating economic activity and growth – creating value for the society at large.

Komplett Bank's organisation and culture are the key drivers behind the Bank's stakeholder value creation. Four core values describe the Bank's culture, and guides the organisations' choices when faced with opportunities and challenges:

- Flexible
- Ambitious
- Competent
- Efficient

These values – being open to change, setting ambitious targets, executing competently, and eliminating waste – are prerequisites for driving continuous ESG improvement, as the Bank sees it.

The Board of Directors has the overall responsibility for alignment of Komplett Bank's strategy and corporate social responsibility (CSR) and sustainability considerations. The day-to-day operational responsibility is delegated to the administration via the CEO.

Komplett Bank has adopted ethical guidelines, which set out the framework for helping its representatives perform their duties in an ethically responsible manner and in line with the standards established by the Bank. Below follows an explanation of how the Bank ensures that corporate social responsibility forms an integral part of its operations and long-term value creation.

In the course of 2022, several central regulations have entered into force in Europe and in Norway. The overall expectation is that new rules will come into force in the coming years, and that these could have a significant impact on the industry as a whole.

The Bank has high expectations for what the industry collectively can achieve in 2023 and looks forward to contributing to a positive development.

## Material ESG factors

Komplett Bank has developed a programme relating to the Bank's corporate responsibility to improve the framework developing its framework for transparent reporting and communication related to the Bank's corporate responsibility. To ensure that Komplett Bank prioritises issues that matter most to its business and its stakeholders, a materiality analysis has previously been conducted.

Komplett Bank has identified the following three topics as focus areas for long-term value creation for all stakeholders:

- Responsible lending
- Anti-corruption, anti-money laundering and countering the financing of terrorism (AML)
- Data security and privacy

These topics resonate with those identified by the Sustainability Accounting Standards Board's Materiality Map (the "SASB Materiality Map®") as factors that are likely to materially affect the financial condition or operating performance of companies within the financial services sector and specifically for the consumer finance sub-industry, as well as with material issues highlighted by MSCI ESG Ratings in their overview for the Financials sector and Consumer Finance sub-category.

## Reporting and future priorities

This report centers around the three focus areas, describing the Bank's approach, initiatives and results under each section. Other key ESG topics are also addressed in the report.

Below is an overview of Komplett Bank's KPI targets for measuring its ESG performance over time. The Bank will intensify its efforts to achieve its targets in these departments going forward.

## Defined key indicators to measure the ESG results over time

Anti-corruption and money-laundering (AML) training	Responsible lending	Data security and customer privacy
Target: All employees complete annual training	Target: No well-founded complaints from customers on wrongful, lacking or unclear communication of terms and conditions	Target: Minimal data and GDPR breaches, and minimal incorrect sharing of personal data

This report is included in the annual report rather than as a stand-alone document and reflects the Bank's commitment to integrate corporate responsibility in all processes and daily operations. It is also in line with the UN Sustainable Development Goal (SDG) target of adopting sustainable practices and to integrate sustainability information the reporting cycle (SDG target 12.6).

### Contribution to UN Sustainable Development Goals

Komplett Bank is committed to being a responsible provider of loans and other financial services and being a fair, supportive and non-discriminatory employer. The Bank supports the UN SDGs and

described below are those considered to be the most material for Komplett Bank and where it can have the greatest impact.

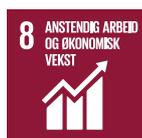
The Bank applied for membership for the UN Global Compact Norway, which is the world's and Norway's largest corporate sustainability initiative, in the end of 2022. The application was granted at the beginning of 2023 and the Bank looks forward to contributing to finding good solutions in the sustainability field together with the organisation's members.

## Defined KPIs for measuring its ESG performance over time



Komplett Bank works actively towards equal opportunities and gender balance in work and economic life. When hiring employees, diversity is a criterium. Women and men are paid the same rate for the work they do (sub-target 5.1)

Komplett Bank promote employees on merits and personal skills. Both men and women are encouraged to take maternity leave (sub-target 5.5).



Komplett Bank provide safe and meaningful jobs, in compliance with international and national labour standards. When hiring, the Bank looks for people, skills and personalities that complement any missing qualities and support Komplett Bank's future development (sub-target 8.8).

Komplett Bank offers equal pay for the same work and performance regardless (sub-target 8.5, c.f. SDG 5)



Komplett Bank is an innovation and technology driven consumer bank with resources and competence to combat money laundering and terrorist financing. The Bank has systems in place to identify and report potential money laundering (AML) activity, and provides regular training of employees within AML/terrorist financing (sub-target 16.5 and 16b)

## Sustainable business

### Responsible lending – throughout the credit lifecycle

Komplett Bank is committed to being a responsible lender, defined as the practice of acting in customers' best interests, ensuring affordability, transparency of terms and conditions and supporting a borrower if they experience repayment difficulties. Responsible lending is considered a material factor for the Bank.

The Board of Directors has adopted specific guidelines and procedures for the lending business, which are intended to ensure compliance with this objective. In addition, the Bank's internal procedures and processes are aligned with applicable laws, regulations, and other regulatory requirements. All customers must be subject to a credit assessment based on a complete set of data relevant for assessing the applicants' financial situation. Komplett Bank does not grant loans or issue credit cards to customers who are assessed to lack sufficient debt servicing capacity. Marketing of the Bank's products is aligned with statutory and regulatory requirements and the Code of Practice of the Association of Norwegian Finance Houses (Finansieringsselskapenes Forening) regarding the marketing of credit cards and consumer loans.

Komplett Bank has put in place the following measures to ensure responsible lending practices throughout the credit lifecycle:

#### 1. Marketing

- Established internal guidelines for responsible sales practices and product labelling
- Ensure messaging, channels and scope of marketing efforts are suited to attract creditworthy individuals
- Ensure to avoid misleading marketing
- Ensure that agents adhere to Komplett Bank's selling and product labelling practices

Target: No well-founded complaints from customers on wrongful, lacking or unclear communication of terms and conditions

KPI: Number of cases lost in The Norwegian Financial Services Complaints Board (Finansklagenemnda)

Result: No cases lost in Finansklagenemnda in 2022, corresponding to 2021.

#### 2. Onboarding

- Established credit policy to ensure credit is provided only to creditworthy individuals
- Strict onboarding process consisting of both automatic and manual evaluation of applicants' credit worthiness
- Approximately 80% of all applications were declined based on the Bank's credit policies and score cards, the remaining applications got a conditional offer. An additional 20 % manually declined when reviewing detailed info and documentation provided by the applicants
- The Banks has refinancing product; a prerequisite for offering this solution is that it reduces the customer's total loan costs

#### 3. Customer service

- Well-established internal process mapping, routine descriptions and yearly training schedule to ensure good service towards the Bank's customers and applicants
- Komplett Bank's customer service is available through e-mail and a manned phone service. The customer service teams are followed up on KPIs based on best practices regarding response- and waiting time as well as quality measures

### Anti-corruption and Money Laundering (AML)

Exposure to corruption and money-laundering and terror financing is considered a material risk for Komplett Bank and its license to operate. The Bank has established systems to identify and report potential AML activity and provides frequent training of employees within AML/ terrorist financing. These activities represent Komplett Bank's support to achieving UN SDG 16, sub-targets 16.5 and 16b.

Komplett Bank has established a comprehensive framework for preventing money laundering and terrorist financing. This includes onboarding and risk assessments of new customers, review of high-risk customers and accounts, running customer and transaction monitoring and reporting and follow-up processes. The AML Risk Assessment and Policy are subject to yearly revisions by the Board of Directors.

Work and procedures related anti-corruption and money laundering has the highest priority. The Dir. Compliance is the Bank's AML Officer ("Hvitvaskingsansvarlig"). The bank has also established a so-called "AML compliance officer" in line with the money laundering regulations, who is responsible for second-line controls and reports to the Board of directors on a quarterly basis.

As part of the strengthening of the work to combat money laundering and terrorist financing, the Bank has established a "Financial Crime Prevention" unit consisting of, the Bank's department for combating money laundering and terrorist financing as well as fraud management. The department is responsible for customer induction and KYC processes (know your customer), as well as ongoing and continuous monitoring and follow-up of suspicious customer behaviour.

In addition to the AML framework, the Bank has also established guidelines and procedures which describe measures and business processes to secure proper onboarding KYC-processes. The Bank's KYC processes includes pre-fraud, AML and credit evaluations intended to prevent acts such as various categories of fraud, identity theft and corruption. All routines are maintained on a continuous basis and subject bi-annual review.

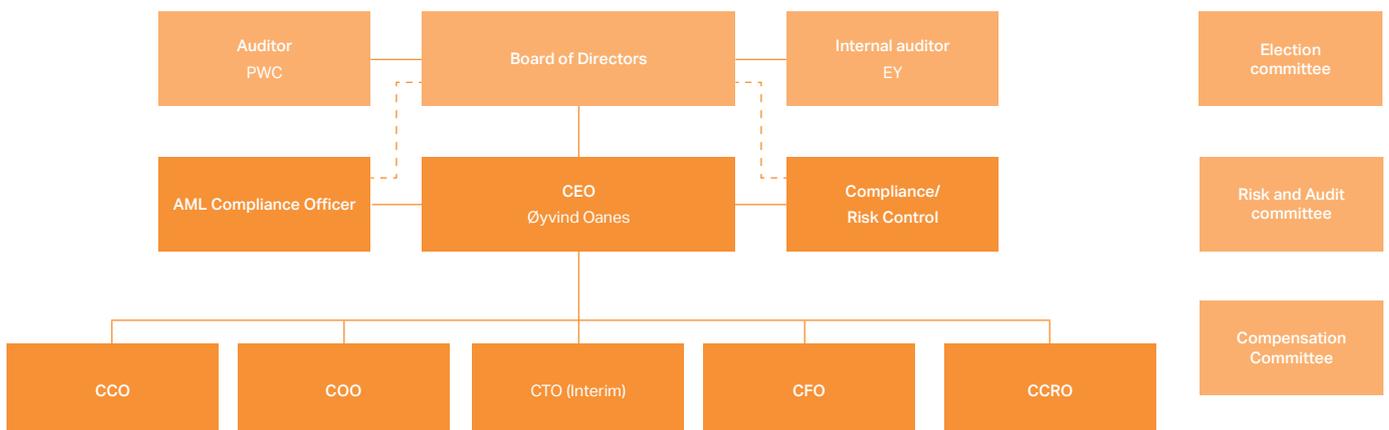
The Bank has developed and implemented a pre-fraud tool which helps identifying potential fraudsters and identity thefts. During 2022, the Bank managed to detect and prevent fraud on 1,201 credit applications, preventing potential losses exceeding NOK 175 million.

The Bank places great emphasis on organising the practice of the Boards of Directors, senior management and employees to enhance awareness and build expertise on how to prevent financial crimes. Regular training of all employees in AML related guidelines and procedures is a core element in the Bank's risk management system.

All employees at all levels, including Board of Directors and full-time external consultants working for the Bank for extended periods shall complete annual training related to anti-corruption and money-laundering (AML). In 2022, 100 % completed such training, compared to 100 % in 2021.

Komplett Bank will continue to prioritize developing and improving its framework to prevent money laundering and financial crime by maintaining policies and guidelines in accordance with regulations and best practice, by leveraging innovation and technology to monitoring and reporting suspicious transaction as through regular AML training of its employees.

Below is an overview of Komplett Bank's organisation and line of responsibilities.



### Data security and privacy

In a digital world, personal data is increasingly at risk of being misplaced, stolen or shared without consent. At the same time, with intelligent use of personal data, Komplett Bank can better understand its customers and develop more relevant and more customer-centric banking products and services. Therefore, Komplett Bank recognises its responsibility of managing the data collected and processed about its customers in a responsible manner and keeping consumer and employees data safe.

Komplett Bank is subject to laws and regulations that stipulate how consumer data can be collected and processed, such as GDPR. Back in 2018, when GDPR came into force, the Bank appointed a Data Protection Officer (DPO) and a Chief information and security officer (CISO).

The Bank has implemented guidelines and procedures to ensure compliance with the GDPR regulations. This mainly applies to the personal data regulations, including the basic principles and conditions for processing personal data, rights for individuals, duties for the Bank as controller and data processors and transfer of personal data within and across national borders. This also involves regularly reviews and development of the Bank's internal control systems and risk management processes to continuously improve and address existing and emerging data security and privacy threats.

Employees and consultants who collect, process or have access to customer data on behalf of the Bank receive mandatory training in data privacy facilitated by the CISO and/or DPO on regular basis. All managers are responsible for ensuring that employees with access to personal data have the necessary competence and are suitably qualified to secure our customers' personal data rights, through following our procedures for information security.

Any breaches to data security and privacy are reported and followed up immediately.

### Whistleblower routines

Komplett Bank has established procedures for whistleblowing, adopted by the Board of Directors. It is implemented both internal and external channels for whistleblowing to facilitate reporting of any irregularities. The procedure shall safeguard both the whistleblower and the person(s) reported on and is available for all the Bank's employees in both Norwegian and English. The external whistleblowing channel is operated by KPMG, and information on any reported cases are according to process forwarded to the compliance area, Legal advisor and Head of the Audit and risk committee to the Board of Directors.

### Ethical business behaviour

Komplett Bank has adopted ethical guidelines, which set out a framework for helping the Bank's representatives perform their

duties in an ethically responsible manner and in line with the standards established by the Bank.

Komplett Bank's ethical guidelines supplement laws, rules, instructions and provisions which apply to the Bank's activities and establish principles for conduct and actions in areas which other regulations otherwise do not cover. The guidelines provide a framework for what the Bank considers to be responsible conduct, but they are not exhaustive. The current version of the guidelines was last updated during the fall of 2022.

Anyone who represents Komplett Bank must always strive to exercise good judgement, caution and consideration. The Bank's risk management recognises that unethical actions or omissions in breach of human rights represent a potential operational risk factor. The Bank's guidelines and other procedures have been put in place to help ensure that Komplett Bank does not become involved in business transactions and other projects which constitute unethical actions or omissions.

### Environmental footprint

Komplett Bank's activities are concentrated to the Nordic consumer credit market with the Bank having limited influence on what the credit is used for. The environmental impact of Komplett Bank's activities is mainly related to energy consumption and waste from its premises, and some travelling.

Being a fully digitalized Bank, with the products offered online through the Bank's website, consumption of paper and the need for travel is minimised. The Bank has not prepared any specific guidelines relating to the external environment but encourage employees to reduce consumption and waste generated from their daily activities, e.g. food waste in the cantina. In order to reduce business travel, employees are encouraged to use digital solutions such as video conferencing and travelling by public transport when travel is necessary.

For data storage, Komplett Bank uses Microsoft Office 365 and Azure Compute, which are between 80-98 % more energy efficient than traditional on-premises datacentres.

The Bank is delivering IT equipment for recycling through its partner dIrig which provides the Bank an annual report describing the fruits of the cooperation. The report allows the Bank to follow up the environmental footprint when it comes to recycling. According to the environmental report from dIrig, Komplett Bank is among the pioneer companies in the reuse and recycling of ICT equipment, and the Bank contributes to accelerating the shift from a use-and-throw mentality in the IT industry to a more sustainable development. In 2022, Komplett Bank delivered several units (screens, machines and servers), of which most units were used for reuse and the rest were used for material recycling.

## The employees

Komplett Bank aims to be an attractive employer which offers a good working environment for the employees, the Bank's most important resource. Komplett Bank relies on motivated and engaged employees to reach its business goals, and wants to provide its employees opportunities to develop, enhance their skills and assume new responsibilities. To ensure value creation for all stakeholders, the Bank also need individuals that complement each other and work well together. Komplett Bank's employment practices ensure compliance with internationally recognised human rights and labour rights.

### Diversity and equal opportunities

Komplett Bank believes a diverse and inclusive workforce is fundamental to ensure innovation and value creation over time. All employees shall be treated equally, regardless of age, gender, disability, cultural background, religious beliefs or sexual orientation, both in recruitment processes and throughout the employment relationship. No kinds of discrimination or harassment is accepted. There were no reported breaches of the company's guidelines in 2022.

Komplett Bank works actively to ensure diversity and equal opportunities. As a result, the Bank employs more than 10 different nationalities and has a good gender distribution across departments and management levels. At the end of 2022, the Bank employed 87 persons (84.7 FTEs). Women account for 41.4 % of all staff and 52.9 % of all management. One of the Bank's objectives is to ensure that both genders are represented in all management bodies. At the end of the year, 43 % of Komplett Bank's board members were women, while there was one woman of 6 members of the executive management team.

Women and men are paid the same rate for the work they do, and employees are promoted on merits. Komplett Bank encourages a good work-life balance for all employees. Of 87 employees, four are employed on a part-time basis (whereof 2 are females and 2 are men) motivated by employee preferences.

Both men and women are encouraged to take parental leave. Komplett Bank offers permanent employees paid parental leave equalling 100 % of their salary, above the statutory requirements in Norway. In 2022, a total of 7 of the Bank's employees took parental leave, and two of these were men. On average women took 24.8 weeks and men 3 weeks.

### Salary comparisons

The Bank has evaluated and divided the organisation into job categories based on organisational level and type of position.

This means that job categories can be at the same organisational level, one separation being between e.g leader/manager and specialist.

The comparison shows that women's salary level is 83.4 % of men's salaries. Disregarding the salaries of the executive management, the women's salary level is 91.6 % of men's salaries. The most significant reason for the wage differences is attributed to age and work experience.

The Bank covers 100 % of salaries, regardless of salary level, for sick leaves up to 12 months and parental leaves.

Additionally, the Bank covers telephony and internet connection. The scheme is related to job category. The bank also offers favourable conditions for accrual of pension and personnel insurance schemes.

### Working conditions

Komplett Bank is committed to ensuring good working conditions that promote health and flexibility in order to maintain a motivated workforce.

Komplett Bank conducts an annual employee survey to measure employees' satisfaction and wellbeing at work. The survey is a feedback method based on the Job-Demand Resource model, which indicates the Bank's ability to develop a work environment that balances requirements and resources. The results of the survey as well as a follow-up survey after approx. 6 months, provide important feedback on actions implemented and the development of the work environment. The annual review for 2022 indicates that the Bank's employees generally are happy at work and considers their working environment to be good, a view which is underlined by acceptable turnover rates amongst employees and generally low levels of sick leave. The employee survey forms an integral part of the Bank's internal control and provides a basis for implementing improvement measures as and when deemed necessary.

In 2022, the sick leave was 6.4 %, up from 4.1 % in 2021. The increase can to some degree be related to the pandemic, as short-term leaves still are at a low level. The Bank has implemented various activities and welfare initiatives like boot camp, running sessions with trainer and squash, to promote an active social environment and well-being at the workplace. The Bank's HR department works systematically to reduce sick leave, through preventive working environment measures and close follow-ups and dialogue of employees on absence.

The Bank has established a working environment committee, a cooperative body whose main function is to contribute to a fully satisfactory working environment in the Bank. The committee consists of two management representatives and two employees. The committee participates in the planning of protection and environmental work and pays attention to the development in questions regarding the safety, health, and welfare of the employees. The committee held four meetings in 2021.

The Bank's home office solution contributes to efficient operations. From January 2022, the Bank established a hybrid office solution in which the employees can work remotely up to 1 day per week. The office will still be the main place for cooperation, competence sharing and development and to maintain and build network. As a consequence, the Bank entered into home office agreements with the employees.

The Bank has encouraged and facilitated physical activity throughout the home office period. This means, among other things, "walk and talk" meetings whenever possible. The Bank also organises running training and so-called "Strength & Stretch" sessions on a weekly basis.

In addition to this, the company has organized social activities such as "After work", "Kahoot" etc.

#### **Professional and personal development**

For Komplett Bank, learning and development at work is important.

The company culture is based on knowledge sharing and diversification of work tasks, to encourage employees challenging themselves. With the constantly developing digitization of the banking industry, competition increases while new demands arise from customers and authorities. To keep up with change and new expectations, the ability of innovation and to swiftly adjust is key. Komplett Bank therefore cultivates innovation through efficient use of resources and encouraging to openly exchange ideas.

Collaboration across departments and areas of responsibility enables improvement, and it is therefore a priority to nurture a good feedback culture, and we have a strong focus on leadership development. Where possible, Komplett Bank recruits internally.

Komplett Bank has established an employee share option programme to enhance and align the mutual interests of the Bank's employees with those of the company and the shareholders. The share option programme is also considered to promote increased commitment, motivation and understanding of the business. At the end of 2022, 18.4 % of the Bank's employees held shares/ share options in the company.

#### **Partners**

Sustainable development is becoming increasingly important for businesses and the expectations from customers, partners and authorities are increasing with time.

Komplett Bank wants to contribute to an ethically responsible and sustainable development and expects that all our partners share our vision and thus lays this as the basis for its own business and value chain. The Bank requests that all partners establish high ethical standards, good business practice and to act in compliance with applicable laws and regulations.



# Board of Directors' Report

## Overview

Komplett Bank ASA (the "Bank") started operations in March 2014 when the company received its banking licence from the Norwegian authorities. Komplett Bank offers attractive consumer financing products to creditworthy customers.

The Bank's product suite consists of consumer loans, credit cards and point-of-sale (POS) finance products, as well as deposit products in the Norwegian, Swedish and German markets. The Bank's main products are consumer loans, including annuity loans, as well as flexible loans which give the customer more flexibility in drawing on credit line. In April 2020, Komplett Bank also launched a refinancing product in Norway. In addition, the Bank offers the "Komplett Bank Mastercard," a credit card tailored especially for online shopping. The Bank's deposit products are characterised by attractive interest rates in Norway, Sweden and Germany. As a member of the Norwegian Banks' Guarantee Fund, Norwegian customer deposits are guaranteed up to NOK 2 million per customer. Foreign deposits are guaranteed up to EUR 100,000.

Komplett Bank follows a strategic roadmap based on geographical and product diversification and expansion. The Bank's strategy involves building a digital, scalable, and efficient operational model with good risk control. The Norwegian banking license allows the Bank to offer its products throughout the EEA area. In the short to medium term, the focus for lending activities will be on the Nordic region.

The Bank's registered offices are at Vollsveien 2A in Lysaker outside Oslo, Norway. In November 2017 the Bank was listed on the main list of the Oslo Stock Exchange with the ticker symbol "KOMP."

## Strategy and long-term ambitions

Komplett Bank is experiencing continuous high demand for its products. In 2022, the Bank launched several strategic initiatives related to product improvement, process automation, and simplification of the technology platform to increase scalability and reduce costs. These initiatives were launched in the wake of a period of negative growth and profitability development, and a successful implementation in line with the Bank's plan helped reverse the negative growth trend during the past year.

The initiatives related to product and internal processes contributed to increased conversion in all markets, and quarterly sales growth from the 2nd quarter of 2022. In the last quarter of the year, loan growth was at a record high, with a conversion rate that was four times higher than in January 2022. The Bank also succeeded in passing on increased deposit costs to its loan customers, which helped to keep the net interest margin at a relatively stable level in the 4th quarter of 2022.

On the cost side, Komplett Bank made several investments throughout the past year to adapt its IT and organization and create a better platform for long-term profitability. As of the 4th quarter of 2022, the number of employees had been reduced by 40% compared to the same period the previous year. Implemented and ongoing initiatives are expected to have further impact on Komplett Bank's cost level and profitability in 2023. In the 4th quarter of 2023, the Bank's goal is:

- 60% growth in gross loan balance compared to the level in Q2 2022.
- Cost/Income ratio of around 30 %
- Return on targeted equity of around 10%

Further, the Bank has prolonged its dividend policy of distributing surplus capital not required for growth initiatives. Dividend capacity is estimated to be 30-50% of after-tax earnings. For 2022, Komplett Bank reported a marginally positive result. Therefore, the Bank is not positioned to pay out dividends for the year.

## Operational review

### Loan growth and product development

Komplett Bank follows a diversified multichannel marketing and distribution strategy. A well-diversified loan book, a solid balance sheet, and strong distribution capacity towards a growing and robust Nordic consumer finance market contribute to the Bank's favorable market position.

During 2022, net loans increased by NOK 1,713 million to NOK 9.1 billion at the end of the year. The growth was mainly driven by increased new sales, as a result of generally favorable market conditions and better conversion rates, supported by a strengthening of the Bank's refinancing product.

Consumer loans in Norway increased by NOK 150 million.

Consumer loans in Sweden and Finland increased by NOK 797

### Gross loan distribution by product



and NOK 901 million respectively. During 2022, credit card loans increased by 3% to 620 million NOK. At the end of the year, credit card loans in Finland and Sweden accounted for 40% of the total portfolio of credit card loans.

Point of sales (POS) financing decreased by 31% in 2022 to 338 million Norwegian kroner.

As a result POS financing no longer delivering the expected return on capital, the Bank has decided to discontinue this product.

In 2022, customer deposits increased by 18% to NOK 9,348 million. The deposit products do not have a fixed term.

In 2022, the Bank increased the average deposit rate in Norway from 0.5% to 2.1% in December. The average deposit rate in Sweden was increased from 0.8% to 2.4%. In Germany, the rate was adjusted from 0.7% to 1.4%, including commission to partner.

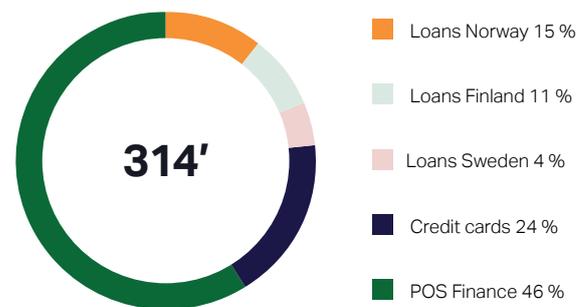
Table 1: net lending by product

NOK million	2022	2021	Endring
Consumer loans	8,152	6,304	29 %
Credit cards	620	603	3 %
POS Finance	338	491	-31 %
Deposit	9,348	7,933	18 %

### Operational efficiency

Operational efficiency with low costs is a priority for Komplett Bank, enabled by centralised operations and modern digital systems. At the same time, the Bank is continuously working to improve its ability to interact with customers.

### Customer distribution by product



Since the start-up in 2014, Komplett Bank has been focusing on volume growth and the organisation has been rigged accordingly. Regulatory changes and the COVID-19 pandemic, however, limited growth opportunities in 2020 and 2021. Consequently, the Bank initiated a program to improve operational efficiency. The program included a detailed plan to improve product performance, simplify the IT platform, and automate processes.

At the end of the year, the Bank had approximately 362,000 customers, including deposit customers. This was a 15% increase from the end of 2021 (approximately 315,000 customers). POS customers accounted for 51% of the total customer base, while consumer loan and credit card customers accounted for 20% and 15%, respectively, of the remaining customer base.

Komplett Bank uses credit models to make lending decisions. Private individuals applying for a loan must provide information relevant for their debt-servicing ability. Komplett Bank's credit models give automatic, but conditional offers of credit to private individuals deemed creditworthy. After a conditional offer, data is collected from internal and external sources and analysed before a final credit decision is concluded. Among the external data sources used, are the debt registers in Norway, Sweden and Finland.

### Organisational development

#### Changes in top management

In January 2022, Komplett Bank announced a new and more efficient management structure to provide the Bank with increased market focus and better adaptability. The new management team was reduced from ten to six members, and more flexible and efficient decision-making processes were introduced.

In the new structure, Eirik Holtedahl took over as the new Chief

Financial Officer of Komplett Bank. Holtedahl has been with the Bank since 2018 and has over 20 years of experience in the industry. He came from the position of Product Director Credit Cards. He was the temporary CEO of the Bank from June 2021 until October 1, 2021, when Øyvind Oanes took over.

Komplett Bank expanded its management team to include a Chief Commercial Officer (CCO) role to ensure the best possible coordination and focus for the Bank's commercial efforts and growth ambitions. Enok Hanssen, who has been with the Bank since 2017, assumed this new position. He came from the position of Product Director for Consumer Loans and Purchase Financing in Komplett Bank.

Wilhelm B. Thomassen, who has a long track record in the management team of Komplett Bank, continued in a broader COO role, while Martin Valland joined the Bank as the new CTO. Together with Wilhelm, he will focus on building a more efficient banking business for the future.

### Review of the annual accounts

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Komplett Bank has identified the cost-income ratio, loan loss ratio, return on equity (ROE) and adjusted return on equity (ROE adj.) as Alternative Performance Measures in addition to the financial information prepared in accordance with IFRS as adopted by the EU. Please see note 22 for further details.

#### 2022 financial highlights:

- Total income: NOK 807 million
- Pre-tax profit/(loss): NOK 2 million
- Net lending: NOK 9,111 million as at 31 December 2022
- Cost-income ratio: 63%
- Loan loss ratio: 3.3%
- Return on Equity (ROE): -0.8%

### Profit and Loss

#### Income

Komplett Bank's total income was NOK 876 million in 2021, a reduction Komplett Bank's total income was NOK 801 million in 2022, a reduction of NOK 75 million (-9%) compared to 2021. The decrease in income was driven mainly by a lower average net interest margin. In April 2022, Komplett Bank sold a portfolio of non-performing loans worth

0.7 billion kroner. In addition, the Bank is continuously selling new non-performing loans every month, so-called "forward flow". In 2022, approximately 550 million kroner was sold on forward flow."

Throughout 2022, the effective interest rate on credit cards increased from 14.6% to 15.8%, while the effective interest rate on loans was mostly flat at around 13% during the year. The flat development is a result of the returns on new loans being lower than on the loans they replace, while there is a delay in transferring the increased cost to customers due to regulated deadlines for notifying customers of interest rate increases. In addition, refinancing products drive most of the growth in Norway, where there is a requirement to offer the customer a lower interest rate than on the original loan.

Commission income and income from banking services increased by 1 million kroner from 2021 to 53 million kroner in 2022.

TABLE 2: INCOME

NOK million	2022	2021	Ending
Interest income	907	965	-6 %
Interest expense	-114	-82	-39 %
<b>Net interest income</b>	<b>793</b>	<b>884</b>	<b>-10 %</b>
Net commission and fees	10	-11	186 %
Other	-2	4	-153 %
<b>Total income</b>	<b>801</b>	<b>876</b>	<b>-9 %</b>

#### Operating expenses

Operating expenses, including depreciation and impairment, increased by 22% from 2021 to NOK 507 million in 2022. Depreciation and impairment amounted to NOK 172 million in 2022. This was mainly related to impairment of historical IT investments due to the Bank's decision to introduce a more efficient IT platform that will result in lower operating costs and increased scalability over time. The process of implementing the new IT platform is expected to be completed in the transition period of 2023/2024.

Personnel expenses were reduced to NOK 133 million in 2022 from NOK 162 million in 2021, driven by a reduction in the number of employees made possible by increased automation. The cost reduction was partly offset by the general salary adjustments in 2022. In 2023, the Bank expects to see a significantly larger impact from these reductions.

General and administrative expenses increased to NOK 159

million from NOK 141 million in 2021. The increase was due to higher marketing expenses and restructuring costs, particularly related to the IT platform. Marketing expenses in 2022 were NOK 36 million, up from NOK 32 million in 2021.

The cost-income ratio was 63% in 2022, up from 47% in 2021. The increase is mainly driven by a lower revenue base and depreciation. Adjusted for depreciation and other one-off costs related to restructuring, the cost ratio increased from 47% to 50%. Komplett Bank has an ambition to significantly improve the cost ratio going forward, driven by efficiency measures already implemented and new efficiency programs currently being implemented.

**TABLE 3: OPERATING EXPENSES**

NOK million	2022	2021	Ending
Personnel expenses	133	162	-18 %
General and administrative expenses, which of:	159	141	13 %
Direct marketing expenses	36	32	12 %
Depreciation	172	77	122 %
Other expenses	43	35	24 %
<b>Total operating expenses</b>	<b>507</b>	<b>415</b>	<b>22 %</b>

#### Losses on loans

Loan losses were NOK 292 million in 2022, down from NOK 739 million in 2021. The loan losses in 2021 were impacted by a review of the loan portfolio, after a one-off sale of portfolios of non-performing loans totaling NOK 1.4 billion in the 3rd quarter of 2021, resulting in further loan losses of NOK 256 million. As a result of high growth in the second half of 2022, the Bank has also increased provisions for loan losses in 2022, as the IFRS 9 standard requires that 12-month expected credit losses are booked upon initial recognition of a new loan.

During 2021 and 2022, the Bank has implemented a set of measures to reduce balance sheet risk through the disposal of non-performing loan portfolios, ongoing transfer agreements of non-performing loans ("forward flow"), and the implementation of improved credit procedures. As a result of these measures and positive developments in underlying credit quality, the proportion of non-performing loans of total loans decreased from 9.8% in 2021 to 2.7% in 2022

After low loan losses in the first half of 2022 due to a shrinking loan book, and increased losses due to strong growth in the second half of the year, the Bank expects loan losses to normalize

to levels between 4.0% and 4.5% in 2023.

#### Profits and taxes

The pre-tax operating profit was NOK 2 million in 2022, an improvement compared to the loss of NOK 278 million kroner in 2021, which was affected by the previously mentioned extraordinary loan losses.

The tax expense for the year was NOK 1 million, compared to a positive contribution of NOK 69 million in 2021..

#### Cash flow

In 2022, the cash flow from operating activities was NOK -408 million, compared to NOK 347 million in 2021. Net income after tax contributed NOK 1 million. An increase in gross loans to customers and net purchases of certificates and bonds also negatively impacted the cash flow from operating activities.

The cash flow from investment activities was negative at NOK 58 million, up from minus NOK 73 million in 2021, driven by lower levels of investments in 2022. The cash flow from financing activities was NOK -24 million, up from NOK -145 million in 2021. The negative cash flow from financing activities relates to the payment of interest on perpetual bonds. In addition, a dividend of approximately NOK 78 million was paid out in 2021.

At the end of 2022, the total cash and cash equivalents were NOK 808 million, down from NOK 1,302 million at the end of 2021.

**TABLE 4: CASH FLOW**

NOK million	2022	2021
Cash flow from operations	-408	347
Cash flow from investments	-58	-73
Cash flow from financing	-23	-145
<b>Net cash flow</b>	<b>-490</b>	<b>130</b>
<b>Cash at the end of the period</b>	<b>808</b>	<b>1 302</b>

#### Financial position

As of December 31, 2022, the Bank had total assets under management of NOK 11,528 million, up from NOK 10,105 million at the end of 2021. The increase is mainly due to an increase in net loans to customers during 2022.

At the end of 2022, non-performing loans amounted to NOK 257 million, equivalent to 3% of gross loans to customers. At the end of 2021, non-performing loans amounted to NOK 809

million, equivalent to 10% of gross loans. The sale of portfolios of non-performing loans and the increase in the loan portfolio affected the ratio between non-performing loans and gross loans.

Customer deposits increased from 7,934 million NOK in 2021 to 9,348 million NOK at the end of 2022.

The Bank's liquid assets, consisting of bank deposits and liquid securities, amounted to NOK 2,261 million, equivalent to 20% of the Bank's assets under management at the end of 2022.

The total equity was NOK 1,953 million at the end of 2022, down from NOK 1,964 million at the end of 2021. The equity ratio was 17% at the end of 2022, down from 19% at the end of the previous year.

**TABLE 5: BALANCE SHEET**

NOK million	2022	2021	Ending
<b>Total assets</b>	<b>11,528</b>	<b>10,105</b>	<b>-13 %</b>
Total liabilities	9,575	8,141	-12 %
Total equity	1,953	1,964	-15 %
<b>Total equity &amp; liabilities</b>	<b>11,128</b>	<b>10,105</b>	<b>-13 %</b>

### Capital adequacy

On December 16, 2022, the Ministry of Finance decided to postpone the implementation of EU-harmonized capital adequacy requirements, which were expected to take effect from December 31, 2022, by one year. As a result of this postponement, the system risk capital buffer requirement was kept at 3% for exposures in all countries, while banks in other EU countries have a 0% requirement for exposures to Swedish and Finnish customers. Overall, this gives the Bank higher capital adequacy requirements in 2023 than if the implementation had not been postponed. The Bank assumes that Norwegian authorities will harmonize Norwegian requirements with European requirements from 2024.

As of December 31, 2022, the minimum requirement for Komplett Bank's pure Tier 1 capital ratio was 17.6%, and the requirement for total capital adequacy was 21.1%.

Komplett Bank has set a CET1 ratio target of 18.6%, which includes a management buffer of 1.0%. The Bank therefore aims for a total capital adequacy ratio of 22.1%.

At the end of 2022, Komplett Bank was well capitalized with a common equity Tier 1 capital ratio of 20.5%, above the regulatory

minimum requirement. The total capital ratio was 23.6%, down from 24.0% at the end of 2021.

To support continued strong growth, the Bank decided to raise NOK 100 million in new equity in a transaction that was completed on February 16, 2023. Proforma, the transaction results in a positive effect on the core capital adequacy ratio and the total capital adequacy ratio of around 1.0%.

Perpetual Tier 1 (AT1) and additional Tier 2 (T2) capital made up 2.3% and 0.8% of the Bank's capital adequacy ratio, respectively.

For additional information on capital adequacy, please refer to Note 14.

### Allocation of profit for the year

Komplett Bank's dividend policy is to pay out excess capital which is not deployed for growth purposes.

Komplett Bank reports a profit after tax of NOK 1 million for the fiscal year 2022. Consequently, the Bank is not in a position to pay any dividend for the year.

Given the current capital position and improved operations going forward, the Bank considers its dividend capacity to be 30-50% of annual profit after tax while maintaining ample capacity for growth. In the short to medium term, the Bank envisages prioritising growth over dividends.

The total profit of 1 million NOK is proposed to be transferred to other equity.

### Outlook

Komplett Bank has good prospects for growth and increased profitability. The positive outlook is rooted in the fact that at the beginning of 2023, the Bank has a well-diversified loan portfolio of 10 NOK billion, continued high demand in the form of incoming loan applications, underlying profitable operations, and exposure to a growing and robust Nordic consumer finance market. The underlying credit quality is stable, and the level of loan losses is expected to normalize at a lower level compared to the fourth quarter of 2022 after a period of high loan growth. Most of the more recent defaulted loans are sold on an ongoing basis (forward flow), which limits the risk on the balance sheet.

In the last two quarters of 2022, Komplett Bank experienced a significant increase in new sales. The growth occurred across the geographic markets where the Bank operates and was driven by

generally good market conditions as well as increased conversion rates. The latter factor is a result of systematic work on the Bank's part throughout the previous year.

To achieve higher conversion rates, the Bank has introduced a range of strategic initiatives related to product improvements, process automation, and simplification of technology over the last four quarters. The introduction initiatives in 2022 related to product improvements and process automation was completed towards the end of the fourth quarter and contributed to record-high new sales in the quarter. In addition to strong growth in new sales, the Bank has been working to reduce customer churn, which is a general challenge in the market. A new refinancing product was launched in the Norwegian market in June last year, which has contributed positively to reducing customer churn.

Regarding the technology simplification work, it will continue in 2023 and is expected to contribute to increased scalability and reduced costs in the short and medium term.

Throughout the last quarter of the previous year, Komplett Bank continued to increase deposit rates to its customers by raising loan rates on its products. Gradual repricing of loan rates is expected to contribute to an improvement in the net lending rate through 2023.

Increased inflation has started to affect the Bank's personnel costs somewhat, but the inflation effect is expected to have a moderate impact on the overall costs in the short term. In the medium term, the macroeconomic outlook for the Nordics is still robust, supporting expected growth in consumption and demand for consumer financing. At the same time, there is increased uncertainty related to the geopolitical situation with the war in Ukraine and inflationary pressures in the market..

### Risk and uncertainties

Komplett Bank's operations and results are subject to a range of risks and uncertainties.

#### Credit risk

The board has adopted a credit policy with guidelines for granting credit, risk limits, monitoring and reporting. The Board is regularly updated on important credit risk processes and key indicators. The credit risk appetite stipulated in the Bank's policy for credit risk is enforced by the Bank.

The Bank only offers loans to private individuals after a credit assessment that considers the borrower's willingness and ability to pay. The credit decision for the individual loan application is based on an assessment of available external and internal information about the applicant.

A combined process is carried out using an application score and specific credit rules. The Bank applies risk-based pricing in accordance with the assessment carried out in connection with the establishment of each loan.

Efforts are continuously being made to improve the Bank's invoicing and collection processes, including the functionality for paying bills (e-invoices and direct debit agreements)..

#### Liquidity risk

The Board has adopted a financial policy, which includes guidelines for liquidity management, risk limits, monitoring and reporting within this area. The guidelines are reviewed by the Board at least once a year. The Board receives regular reports on developments in the Bank's liquidity risk.

The Bank's objective is to have a low liquidity risk. The risk is regularly monitored, and the Bank's investments are made in such a manner that the liquidity risk is kept at a low level. The Bank's investments principally consist of deposits in other financial institutions and interest-bearing securities with good liquidity and low counterparty risk.

The liquidity risk was considered low during 2022. Loans to customers have been financed using paid-in equity, retained earnings, subordinated bonds and deposits from the Bank's customers.

The liquidity coverage ratio (LCR) requirement that entered into force on 31 December 2015 has been complied with, and with a good margin. The Bank had an LCR of 451% as at 31 December 2022, compared to a regulatory requirement of 100%.

#### Market risk

The Board approved finance policy also covers guidelines for market risk (including interest rate and currency risk), risk limits, monitoring and reporting in this area. The guidelines are approved by the Board at least once a year. The Board receives regular reports on developments in the Bank's market risk.

The Bank's objective is to be exposed to a low market risk. Market risk is regularly monitored, and the Bank's investments made in such a manner that a low market risk is maintained. The Bank's

investments primarily consist of deposits in other financial institutions and interest-bearing securities with short-term fixed interest rates and good liquidity.

In 2022, the Bank made purchases in foreign currencies and has loans in the Finnish and Swedish markets, in addition to Norway. Deposits originate from customers in the Norwegian, Swedish and German markets. The Bank's net currency exposure is kept low and is controlled by a multi-currency facility with a correspondent bank. Net loans to Finnish and Swedish customers were respectively EUR 257 million and SEK 2,191 million, equivalent to NOK 2,701 million and NOK 2,071 million as at 31 December 2022. The Bank's open net currency exposure was EUR 0.7 million and SEK -11.2 million as at 31 December 2022.

The Bank does not offer fixed-term interest rates on any of its products other than fixed-term deposits in Germany.

### Organisation, environment and social responsibility

At the beginning of the year, the Bank had 145 employees, and at the end of the year, it had 87. The Bank has carried out various activities and welfare measures to promote an active social environment and well-being in the workplace and to prevent and reduce sick leave. The Bank has established a working environment committee to ensure a satisfactory working environment in the Bank.

The sickness absence rate in 2022 was 6.5% compared to 4.1% in 2021.

The Bank has developed a range of principles and guidelines for responsible business practices related to human rights, labor rights, gender equality and non-discrimination, social conditions, the environment, and anti-corruption. For more information, see the separate sustainability report in this annual report..

### Corporate governance

Komplett Bank aims to maintain high standards for corporate governance, considering it a crucial precondition for long-term value creation. The Bank's corporate governance follows Norwegian law and the Norwegian Code of Practice for Corporate Governance established by the Norwegian Committee for Corporate Governance (NUES) on October 14, 2021. A report detailing the Bank's principles and practices is provided in a separate report in this annual report. There are no significant deviations between the recommendation and Komplett Bank's practices.

Komplett Bank has a director and officer liability insurance (D&O) with Risk Point AS and Zurich Insurance PLC. The D&O coverage includes financial protection for the board, CEO, and management for claims that may arise from decisions and actions taken within the scope of their ordinary duties. The coverage provided by both insurance companies per insurance event is 50 million.

### Other information

In 2022, the Bank had extensive development activities. Among other things, processes were developed to support the Bank's current operations, and forward-looking projects were initiated to strengthen the Bank's business position.

The Board confirms that the Bank satisfies the going concern assumption. The Board is not aware of events after the balance sheet date that are of material importance to the annual financial statements.

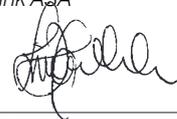
Bærum, 15 March 2023 – Board of Directors of Komplett Bank ASA



Stig Eide Sivertsen  
Chair of the board



Bodil Palma Hollingsæter  
Vice Chair of the board



Nishant Bhavik Vicky Fafalia  
Member of the board



Anna Karin Veronica Gunberg Østlie  
Member of the board



Thomas Bjørnstad  
Member of the board



Jonna Karolina Kyllönen  
Member of the board



Per Olav Kristoffersen Mikaelson  
Member of the board



Øyvind Oanes  
Chief Executive Officer

# Confirmation of Annual Report and Board of Directors' Report

We confirm that, to the best of our knowledge, the Annual report for the period from 1 January 2022 to 31 December 2022 has been prepared in accordance with the applicable accounting standards with such additional information as required by the Accounting Act and gives a true and fair view of the Bank's assets, liabilities, financial position and results of operations, and that the Board of Directors' report provides a true and fair view of the development and performance of the business and the position of the Bank, together with a description of the key risks and uncertainty factors that the Bank is facing.

Bærum, 15 March 2023 – Board of Directors of Komplett Bank ASA



Stig Eide Sivertsen  
Chair of the board



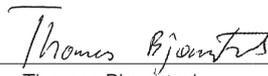
Bodil Palma Hollingsæter  
Vice Chair of the board



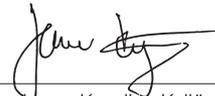
Nishant Bhavik Vicky Fafalia  
Member of the board



Anna Karin Veronica Gunberg Østlie  
Member of the board



Thomas Bjørnstad  
Member of the board



Jonna Karoliina Kyllönen  
Member of the board



Per Olav Kristoffersen Mikaelson  
Member of the board



Øyvind Oanes  
Chief Executive Officer





# Financial statements

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## Comprehensive income statement

Amounts in NOK million	Note	2022	2021
Interest income	2, 4	907.0	965.5
Interest expenses	2, 4, 12	-113.7	-81.8
<b>Net interest income</b>		<b>793.3</b>	<b>883.7</b>
Commission income and fees	2, 4	53.0	51.6
Commission expenses and fees	2, 4	-43.3	-62.9
<b>Net commissions and fees</b>		<b>9.8</b>	<b>-11.3</b>
Net gains/(losses) on certificates, bonds and currency	4	-2.1	4.0
<b>Total income</b>		<b>800.9</b>	<b>876.4</b>
Personnel expenses	5, 6	-133.4	-162.0
General and administrative expenses	5	-159.0	-141.2
Other expenses	5	-43.1	-34.8
Depreciation and write-offs	11	-171.8	-77.3
<b>Total operating expenses before losses on loans</b>		<b>-507.3</b>	<b>-415.4</b>
Losses on loans	2, 3	-292.1	-739.1
<b>Profit/(loss) before tax</b>		<b>1.6</b>	<b>-278.1</b>
Tax expenses	7	-0.6	69.4
<b>Profit/(loss) after tax</b>		<b>0.9</b>	<b>-208.7</b>
<b>Attributable to:</b>			
Shareholders		-13.8	-222.1
Additional Tier 1 capital investors		14.8	13.4
<b>Profit/(loss) after tax</b>		<b>0.9</b>	<b>-208.7</b>
Earnings per share (NOK)	18	-0.07	-1.19
Diluted earnings per share (NOK)	18	-0.07	-1.19

## Comprehensive income

Amounts in NOK million	2022	2021
Profit/(loss) after tax	0.9	-208.7
Other comprehensive income	-	-
<b>Comprehensive income for the period</b>	<b>0.9</b>	<b>-208.7</b>

# Balance sheet

Amounts in NOK million	Note	31 December 2022	31 December 2021
Loans and deposits with credit institutions	8, 9, 17	807.8	1,301.8
Loans to customers	2, 3, 8, 17	9,110.7	7,397.8
Certificates and bonds	8, 10, 17	1,453.5	883.0
Other receivables	8	29.2	286.8
Deferred tax asset	7	77.9	73.4
Fixed assets	11	3.5	9.1
Intangible assets	11	45.3	153.5
<b>Total assets</b>		<b>11,528.0</b>	<b>10,105.5</b>
Deposits from customers	8, 17	9,347.6	7,933.9
Other debt	8, 12, 13, 17	162.1	142.4
Tax payable	7	-	0.1
Deferred tax payable	7	-	-
Subordinated loans (Tier 2)	8, 12, 13, 17	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	19	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>14</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>

Bærum, 15 March 2023 – Board of Directors of Komplett Bank ASA



Stig Eide Sivertsen  
Chair of the board



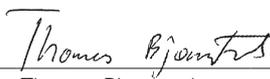
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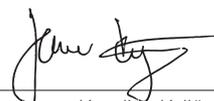
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Member of the board



Øyvind Oanes  
Chief Executive Officer

## Statement of changes in equity

Amounts in NOK million	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>
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

Amounts in NOK million	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	1,768.9
Change in accruals and other adjustments	183.0	-302.8
<b>Net cash flow from operating activities</b>	<b>-408.0</b>	<b>1,117.5</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
Repayment to AT1 capital investors	-	-49.5
Payment of interest to AT1 capital investors	-19.7	-13.4
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</b>	<b>-489.8</b>	<b>130.0</b>
Cash and cash equivalents at the start of the period	1,301.8	1,204.2
Effects of currency on loans and deposits with credit institutions	-4.3	-32.4
<b>Cash and cash equivalents at the end of the period</b>	<b>807.8</b>	<b>1,301.8</b>
Of which:		
Loans and deposits with credit institutions	807.8	1,301.8

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## Note 1 Accounting principles

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Komplett Bank ASA ("the Bank") offer consumer loans and credit cards to private individuals in Norway ("NO"), Sweden ("SE") and Finland ("FI"), high yield accounts in Norway and Sweden and point of sales (POS) finance products in collaboration with the Komplett Group. In addition, the Bank offers euro denominated deposit products to private individuals in Germany. The Bank's headquarter is in Vollsveien 2, 1366 Lysaker, in Norway.

The financial statements for 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, and have been approved for publication on March 15, 2023.

Unless otherwise directly indicated in the notes, amounts are stated in NOK millions.

### 1. Income recognition

The interest income is recognized using the effective interest method. This involves continuous recognition of interest income, along with the amortization of establishment fees. The effective interest rate is the rate that discounts the contractual cash flows of the loan (interest, repayments, and fees) over the expected term to the loan's amortized cost at the time of establishment.

The recognition of interest income using the effective interest method is used for balance sheet items that are valued at amortized cost. For assets that are not impaired, the effective interest rate is calculated on the asset's book value before provisions for losses. For impaired assets, the effective interest rate is calculated on the asset's book value (amortized cost).

For interest-bearing balance sheet items that are valued at fair value through profit or loss, changes in value are recognized as

"Net gains/(losses) on securities and currencies".

Fees and commissions are recognized as revenue as services are provided. Fees for the establishment of loan agreements are included in the cash flows when calculating the amortized cost and recognized as part of net interest income using the effective interest method. The same applies to the payment of fees to intermediaries for consumer loans and credit cards.

### 2. Financial instruments

Financial assets and liabilities mainly consist of loans to and deposits with credit institutions, loans to customers, certificates and bonds, deposits from customers and subordinated loans. Financial instruments are recognised in the balance sheet on the date the Bank will become party to the instrument's contractual terms. Loans to customers are recognised in the financial position at the time when the loan is paid out to the customer. Financial assets are derecognised when the Bank's rights to receive cash flows from the asset cease. Financial liabilities are derecognized from the date the rights to the contractual terms are fulfilled, expired or cancelled.

#### 2a. Financial liabilities

Financial liabilities, which consist of deposits from customers, subordinated loans and parts of other debt, are recognised at fair value less any transaction costs on establishment. In subsequent periods, the liabilities are measured at amortised cost in accordance with the effective interest method (internal rate of return).

#### 2b. Financial assets

On initial recognition, financial assets are classed in one of the categories pursuant to the table below, depending on the Bank's business model for management of the assets and the hallmarks

of the assets contractual cash flow.

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets
At fair value through profit or loss	<i>Certificates and bonds</i>	<p>This category mainly applies to financial assets classed as held for trading. The instrument will be classed as held for trading where it has been acquired or assumed with the purpose of a short-term sale.</p> <p>The portfolio of certificates and bonds is classified in this category as these items are controlled and valued based on fair value and in accordance with the Bank’s established guidelines for investments in certificates and bonds.</p> <p>At initial recognition, the assets are measured at fair value. In subsequent periods, assets are measured at fair value, with any changes in value being recognised in “Net gains/(losses) on certificates, bonds and currency” in the result.</p> <p>Financial instruments at fair value are placed in the three levels based on the quality of market data for the individual type of instrument. The levels reflect the hierarchy that prevails in IFRS on how to measure fair value. In the event that input data from level 1 are available, this should be used rather than input from level 2 and 3. See note 8 for additional information.</p>
Financial assets measured at amortised cost	<p><i>Loans and deposits with credit institutions</i></p> <p><i>Loans to customers</i></p> <p><i>Other receivables</i></p>	<p>Financial assets which are held in a business model whose objective is to hold the assets in order to collect contractual regulated cash flows; and the contractual terms of the asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, shall be measured at amortised cost unless internal decisions lead to the use of measurement at fair value through profit and loss.</p> <p>Loans to customers, which mostly consist of framework loans and credit card receivables are measured at amortised cost. At initial recognition, the asset’s fair value is the amortised cost (normally the acquisition cost), plus transaction costs which are directly attributable to the acquisition or issuing of the financial asset. In subsequent periods, the amortised cost is the value upon initial recognition with the inclusion of capitalised interest net of received cash flows, with the addition or subtraction for changes in the net present value of expected contractual cash flows and net of recorded losses on loans.</p> <p>Effective interest rate is the rate that exactly discounts estimated future cash flow (interest, repayments and fees) through the expected lifetime of the loan to the amortised cost at the time of the establishment.</p> <p>For assets that are not credit impaired, the effective interest is calculated at the asset’s book value before provisions for loan losses. For credit impaired assets, the effective interest rate is computed on the asset’s book value (amortised cost).</p> <p>The Bank considers that a loan or a claim on a client is credit impaired when the loan is more than 90 days past due on the balance sheet date, has been transferred to a debt collection agency (DCA) for recovery, the client is deceased or there is suspicion of fraud. Such exposures are categorised as loans in stage 3.</p> <p>The Bank will derecognise a loan from its balance sheet when the rights to the cash flows have expired, normally as a consequence of the client paying principal and interest, but also as a sale to a third party. The Bank will also remove a loan (or a part thereof) with the according loan loss provisions from the balance sheet when the Bank does not have a reasonable expectation to recover the loan (or part thereof). The Bank categorises such a removal from the balance sheet as a realised loss.</p> <p>The Bank will, upon bankruptcy or a legal judgement, record a credit loss as a realised loss. This also applies to those cases where the Bank has ended recovery activities or relinquished parts or the entire exposure. Such cases have been considered immaterial for 2022 and 2021.</p> <p>Realised loan losses are derecognised in the Bank’s accounts. Loans that have been sold as a consequence of portfolio sales are derecognised in the accounts, and differences originating from settlements that are lower than the gross amount leads to the Bank recognising a realised loss.</p>

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets
		<p>The Bank will make provisions for losses on assets that are measured at amortised cost. For assets not having exhibited a significant increase in credit risk (loans in stage 1), the Bank will make provisions for expected losses from default which may arise in the lesser of the asset's expected lifetime or 12 months from balance sheet date. For other assets (stage 2 and stage 3), the Bank will make provisions for expected losses over the asset's expected remaining lifetime. The Bank has defined lifetime as the expected time horizon for default or full repayment of principal and interest, whichever occurs first.</p> <p>Defaulted loans comprise, amongst other, of loans which are 91 days or more overdue according to agreed payment schedule. Such loans continue to be considered defaulted regardless of future payment status. Defaulted loans also comprise of loans with indications of unlikelihood to pay.</p> <p>The Bank considers changes in the risk of default since initial recognition as decisive for assessing whether there is a significant increase in credit risk. The Bank considers a loan to be defaulted when it is 90 days or more past due, if the loan has been transferred to a DCA for recovery, if the client is deceased or if there is a suspicion of fraud. The Bank considers changes in the risk of default since initial recognition as decisive for assessing whether there is a significant increase in credit risk.</p> <p>The Bank considers a loan to be defaulted when it is 90 days or more past due, if the loan has been transferred to a DCA for recovery, if the client is deceased or if there is a suspicion of fraud.</p> <p>The Bank utilises various indicators to consider whether an asset has been subject to a significant increase in credit risk. Such information is based on the actual behaviour of the client, where the Bank has established set of rules that are identified as indicators for significant increase in credit risk. Examples of such rules include a high utilisation of credit limits combined with the loan being past due, new clients not paying their first invoice ("straight rollers"), and loans that in the past have been 30 days or more past due and that again are past due. All cases where the loan is more than 30 days past due are defined as a significant increase in credit risk compared to initial recognition.</p> <p><b>Transitions among stages 1, 2 and 3:</b> A loan that is more than 90 days past due, will be transferred to a DCA. It is not possible for loans that have been sent to a DCA to be transferred back to stage 1 or 2, and such exposures will hence remain in stage 3 until they have been repaid or derecognised. Loans that are 90 days or more past due on the balance sheet date and where the client repays before being transferred to the DCA, an amount which is at least equivalent to the minimum payment, will have the possibility for a subsequent transfer to stage 2 or 1. Loans that previously have been at least 30 days past due in relation to a previously agreed payment plan, and that again are past due, will remain quarantined in stage 2 for three months. The quarantining does not restrict the loan from being transferred to stage 3 whilst in quarantine.</p> <p><b>Description of the model for calculating expected credit losses and the Bank's calculation of PD, EAD and LGD:</b> The Bank calculates the PD by using historical data based on the client's actual behaviour. The Bank has categorised its exposures into segments that the Bank considers sharing the same credit risk profile. Each of these segments is monitored using monthly snapshots where each loan is monitored over the segment's defined lifetime. For stage 1, the lifetime is limited to 12 months, while the lifetime may extend beyond this in stage 2 as the Bank here uses the PD for the lifetime. Whilst being monitored, it is then decided whether the loan is defaulted, and this is taken into consideration for the Bank's probability calculations. The Bank has decided to use up to 24 data points for its assessment of PD. The Bank is updating its parameters for PD at least once per quarter. For new products, or for products with limited data points, the Bank will be using existing products with similar characteristics in order to extrapolate missing data points. The representativeness of the underlying data going forward is continually evaluated by the Bank's management.</p>

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets
		<p>The Bank estimates LGD based on expected future cash flows from defaulted loans. These expected cash flows are based on the Bank's own records to the extent that this is available as well as estimates from third parties with experience from similar portfolios. The Bank has decided to apply expected repayments for 15 years from the time of default. Given the Bank's relatively short track history and limited experience data, there will be some degree of uncertainty for the cash flow estimates. The present value of the cash flows is computed by discounting these with the exposures' effective interest rates. The loss is then computed as the difference between the book value of the asset at the time of defaulting and the discounted value of the future expected cash flows.</p> <p>The Bank has forward flow agreements for sale of defaulted loans Norway. The forward flow agreements are defined as a financial derivative. The bank has reached the conclusion that the value of the derivate is insignificant and the agreements is not capitalized. The assessment is based on the fact that the agreements are on market conditions in addition to a comparison of the LGD that the bank gets with the agreement compared with LGD`s in observable markets for comparable products.</p> <p>When calculating the expected credit losses in stage 1 and 2, the Bank is discounting these losses to the balance sheet date, using the effective interest rate as the discount rate. The Bank is estimating the time for when the expected loss is foreseen to take place in order to determine the duration of the discounting.</p> <p>The Bank's exposure at the time of default is in the model restricted to concern the loans that are not past due. The Bank revokes automatically unutilised credit lines once the loan is past due. For loans not being past due, the Bank is estimating expected credit limit utilisation based on historical data. This applies to all products where the client has the possibility to draw on unutilised credit limits.</p> <p>The Bank is also applying forward looking elements for its credit loss model. The Bank's overall losses are adjusted by considering a certain set of macroeconomic variables. The credit losses are adjusted on a portfolio basis and are based on the expected development of the economies in the countries in which the Bank is offering loans. The macroeconomic variables are not utilised to transfer loans among the various stages. The Bank is applying three sets of indicators from OECD to the expected credit loss models for the respective countries: 1) the expected development in the unemployment rate, 2) the growth in the gross domestic product and 3) the short-term interest rate level. The Bank applies three scenarios when considering the macroeconomic adjustment: a positive outlook, a neutral outlook and a negative outlook. The Bank assigns a probability and weight to these scenarios based on the expectations for the macroeconomic situation. There is uncertainty related to the estimates as they are forward-looking.</p> <p>The Bank assesses that the Norwegian macro variables suggest a generally weaker development due to the geopolitical situation and increased interest rates, and has therefore set an adjustment to the losses equivalent to a factor of 107% (2021: 104%). The Finnish variables are assessed as slightly less positive for the Bank's loss levels compared to last year and are adjusted by a factor of 107% (2021: 106%). For the Swedish market, the Bank assesses that the future outlook is somewhat weaker, but better than at the end of 2020, and adjusts the loss levels by a factor of 107% (2021: 107%).</p> <p>The Bank does not use the simplification rules for loss impairment for which the IFRS 9 framework allows. This means that the Bank does not use the exemption for low credit risk or simplifications linked to 12-month probability of default (PD).</p>

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets
		<p><b>Losses on loans in income statement:</b> In the income statement, the item "Losses on loans" consists of actual losses, the difference between book value and value of consideration for the sales (portfolio sale), payments received on loans previously has been written down and changes to the impairments of loans.</p> <p><b>The effect of IFRS 9 on capital adequacy:</b> As of the date of implementation (1 January 2018), the effect of the transition from IAS 39 to IFRS 9 was an increase in loss impairments of NOK 157.8 million. This resulted in a reduction in equity of NOK 118.4 million after tax effects. The Bank has not restated the comparative figures to conform to the IFRS 9 standard. The Bank uses the transition rules published by the EU, which permit gradual phase-in of the effects that IFRS 9 will have on the Bank's capital adequacy. In line with the initial transitional rules and "quick fix" regulations effective from 1 June 2022, the Bank phase-in the IFRS 9 implementations effects from 2018 until 2025. From 1 January 2025 the effects will be fully phased in.</p>

## 2. Fixed assets

Fixed assets are recognised at historical cost less accumulated depreciation and any impairments. The cost includes the purchase price of the asset and other directly attributable costs, such as shipping expenses and non-refundable taxes and purchase fees. Ordinary depreciation charges operating expenses and appears on a separate line in the income statement, together with depreciation of intangible assets. Depreciation is based on the cost minus the expected residual value and allocated on a straight line basis over the expected useful life of the asset. The value of fixed assets is derecognised in the balance sheet on disposal or when no further future economic benefits are expected from using the asset or on disposal.

In cases where there are indications of an impairment of non-current assets, the Bank will measure the non-current asset's recoverable amount. The recoverable amount is the higher of the net sales value and the value in use. If the recoverable amount is lower than the carrying amount, the non-current asset is written down to the recoverable amount. The impairment is reversed in cases where the criteria for recognising an impairment are no longer present. In no circumstances can the reversal lead to the asset's value exceeding the original cost price or the amount that would have been recognised in the balance sheet if the asset had followed the original depreciation plan. Where the depreciation plan is changed, the effect is allocated over the remaining depreciation period. The Bank's fixed assets are depreciated from 3-5 years.

## 4. Intangible assets

Intangible assets are recognised to the extent that it is probable that financial benefits will accrue to the Bank in the future and the expenses can be measured reliably. Intangible assets are recognised at cost minus accumulated amortisation and any impairments. Cost means the amount in cash or cash equivalents paid at the date of acquisition or manufacture. Expenses relating to maintenance of software, systems etc. are recognised as expenses

on an ongoing basis. Assets with a limited lifetime are amortised using the straight-line method over the expected useful life from the date when the asset is available for use. The Bank assess that using straight-line depreciation is a systematic allocation of the depreciable amount over the expected useful life of the asset. In the case of intangible assets with a limited useful life, where there are indications of impairment, the Bank carries out measurements of the asset's recoverable amount. The recoverable amount is the higher of the net sales value and value in use. If the recoverable amount is lower than the carrying amount, the intangible asset is written down to the recoverable amount. Intangible assets are derecognised on disposal or when no further future economic benefits are expected from using or disposing of the asset. The Bank's intangible assets are depreciated over 3-5 years.

Expenses from in-house development are recognised in the balance sheet to the extent that a future financial benefit attached to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise, these expenses are recognised as expenses on an ongoing basis.

## 5. Tax

### 5a. Deferred tax liabilities/deferred tax assets

Deferred tax liabilities/deferred tax assets are recognised in line with IAS 12. Deferred tax liabilities/deferred tax assets are calculated at a nominal rate based on temporary differences that exist between the accounting and taxable values existing at the end of the accounting period. Tax-increasing and tax-reducing temporary differences that reverse or could be reversed in the same period are set off and recognised net in the balance sheet. The applicable rate of tax forming the basis for the calculation of deferred tax liabilities/deferred tax assets is 25 %.

Deferred tax assets are recognised in the balance sheet to the extent it is probable that the asset will be realised at a future date.

**5b. Tax expense**

Tax expense in the income statement includes both changes to deferred tax and tax payable for the period. Tax expense also includes under- or over-provisions for tax payable relating to previous periods.

**5c. Tax payable**

Tax payable for current and previous periods, to the extent it has not been paid, is recognised as a liability. Tax payable is tax calculated on the taxable profit of the year. The applicable rate of tax forming the basis for the calculation of tax payable is 25 %. The tax rate is industry specific. Tax on paid interest related to Tier 1 capital is recognised against equity and reduces the tax payable.

**6. Pensions**

The Bank is subject to the Compulsory Occupational Pensions Act and has a pension plan that satisfies the statutory requirements. The Bank has a defined contribution plan that applies to all employees that are paid on an ongoing basis. The Bank has no other obligations related to pensions to employees, for this reason, no provision is made for future pension liabilities at the end of the period.

**7. Currency**

The Bank uses NOK as presentation and functional currency. Balance sheet items in foreign currency are converted to NOK using the currency exchange rate at the balance sheet date. Items in foreign currency included in the income statement are converted to NOK using the average exchange rate. Over the course of the year, the Bank did not receive any significant revenue in any currency other than NOK, SEK and EUR.

**8. Estimates**

The estimation of valuation items and discretionary valuations is based on the Bank's historical experience and likely expectations of future events. The Bank regards loss provisions as described in item 1 as a central valuation item where discretionary valuations also act as a basis.

ECL (Expected Credit Loss) is calculated using credit risk models for PD and LGD, updated with the latest available macro information. In addition, a selection of scenarios covering a base, optimistic, and pessimistic scenario are chosen, which provide probability weighting of the outcomes. It is assessed whether the estimated model calculations represent the best estimate, and whether there is any missing information in the model assumptions, macro or other factors.

**9. Business areas**

The business area is linked to unsecured financing and as at 31 December 2022 consisted of three loan products (credit card and consumer loans, and POS solutions in cooperation with the Komplett Group) for Norwegian, Swedish and Finnish customers, and deposit products for Norwegian, Swedish and German customers. In 2022, all business were directed at the Norwegian, Swedish and Finnish markets and there was no significant differentiation connected with regular monitoring, management and controls for the different business areas.

**10. Statement of cash flow**

The statement of cash flow has been prepared according to the indirect method. Cash and cash equivalents consist of bank deposits.

### 11. Share-based remuneration

Options value for the granted options are established based on the full market value calculated using observed trading prices at the grant date and Black & Scholes's option pricing model. Risk-free interest, using 5-year government bonds, is used as a prerequisite in the calculation. The fixed price for exercising the positions is NOK 1,00 for all outstanding options. In the case of options granted in 2015 and later, there is also a variable price for exercising the positions, which is equivalent to the employer's contribution at the date of exercise. The value of vested options is recognised in other paid-in equity.

### 12. Lease agreements

When entering into a contract, the Bank assesses whether the contract contains a lease agreement. The contracts contain a lease agreement if the contract transfers the right to control the use of an identified asset for a period in exchange for a consideration.

IFRS 16 contains the option to not recognise the right-of-use asset and the lease liability for a lease agreement if the lease agreement is short-term (less than 12 months) or the underlying asset has a low value. The bank uses this exception. For these leases, the expense is recognised on a straight-line basis over the lease term.

For other leases, the Bank recognises a right-of-use asset and a lease liability at commencement date. At initial recognition, the lease liability is measured as the present value of future lease payments at commencement date. The discount rate used is the Bank's marginal borrowing rate. In subsequent measurements, the lease liability is measured at amortised cost using the effective interest method. The lease liability is re-measured when there is a change in future lease payments, which arises as a result of a change in an index or if the Bank changes its assessment of whether it will exercise extension or termination options. When the lease liability is re-measured, a corresponding adjustment of the right-of-use asset is recognised, or the effect is taken over the result if the book value of right-of-use asset is reduced to zero. Upon initial recognition in the balance sheet, the right-of-use asset is recognised at acquisition cost, i.e. the lease liability (present value of future lease payments) plus advance lease payments and any other direct acquisition costs. The right-of-use asset is depreciated over the lease term. The right-of-use asset is presented as part of fixed assets, while the lease liability is presented as part of other debt.

## Note 2 Products and markets

### Information about product and market distribution

The presentations below are based on internal financial reporting as it is followed up by the Bank's management team.

#### For 2022

Amounts in NOK million	Consumer loans			Cards NO / FI / SE	POS NO / SE	Not allocated	Total
	Norway	Finland	Sweden				
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 reduced by 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>

#### For 2021

Amounts in NOK million	Consumer loans			Cards NO / FI / SE	POS NO / SE	Not allocated	Total
	Norway	Finland	Sweden				
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 reduced by 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>

## Note 3 Loans to customers and impairments

### LOANS TO CUSTOMERS

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
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>

The Bank has only loans to individuals and has not issued any guarantees, neither as at 31 December 2022 nor as at 31 December 2021.

### DEFAULTED LOANS TO CUSTOMERS

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Gross defaulted loans to customers <sup>1</sup>	429.7	1,062.4
Impairment of loans to customers (stage 3)	-195.0	-530.7
<b>Net defaulted loans to customers</b>	<b>234.7</b>	<b>531.8</b>

<sup>1</sup> Defaulted loans are comprised, amongst other, of loans which are overdue by over 90 days according to agreed payment schedule. Defaulted loans sent to debt collection continue will be considered defaulted regardless of future payment status. Defaulted loans also comprise of loans with other indications of unlikeliness to pay.

### LOSSES ON LOANS (RESULT)

Amounts in NOK million	2022	2021
+/- Change in stage 3 impairment	335.7	299.0
+/- Change in stage 1 and 2 impairments	-42.7	24.4
Realized losses and effects of portfolio sales	-585.1	-1,062.6
<b>Losses on loans</b>	<b>-292.1</b>	<b>-739.1</b>

See note 2 for information about losses on loans (result) per products and markets.

The Bank has forward flow agreements for monthly transfer of defaulted loans for consumer loans in all countries and for credit cards in Norway. The Bank also had two one-off sales of defaulted loans, one in 2021 and one in 2022. Total gross loans that was sold were NOK 1,230.1 million in 2022 and NOK 1,597.1 million in 2021.

**RECONCILIATION OF GROSS LOANS TO CUSTOMERS**

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
<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 loans to customers	5,710.8	341.8	19.9	6,072.6
Loans to customers 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>
Of which "lazy payers"	-14.2	-158.5	172.7	-
<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>9,506.9</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 loans to customers	3,951.8	203.9	53.0	4,208.7
Loans to customers 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>
Of which "lazy payers"	-21.0	-232.7	253.7	-

Loans with granted special conditions was NOK 8.1 million as at 31 December 2022 and NOK 3.2 million as at 31 December 2021.

**RECONCILIATION OF IMPAIRMENTS OF LOANS TO CUSTOMERS**

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
<b>Impairments of loans as at 1 January 2022</b>	<b>201.9</b>	<b>89.8</b>	<b>530.7</b>	<b>822.1</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
Financial 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>Impairments of loans as at 31 December 2022</b>	<b>205.5</b>	<b>128.9</b>	<b>195.0</b>	<b>529.4</b>
Of which related to "lazy payers"	-0.3	-35.0	35.3	-
<b>Impairments of loans 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
Financial 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>Impairments of loans as at 31 December 2021</b>	<b>201.9</b>	<b>89.8</b>	<b>530.7</b>	<b>822.2</b>
Of which related to "lazy payers"	-0.5	-51.4	51.9	-

Other changes in 2022 and 2021 consist mainly of updates to credit risk parameters such as PD (probability of default) and LGD (loss given default). In 2021, the Bank sold a large portfolio of defaulted loans and increased LGD as a result, which is why "Other changes" are significantly larger in 2021. In 2022, the Bank made further changes to expected credit risk parameters, resulting in NOK 64.1 million and NOK 9.4 million lower loan impairments as of December 31 2022, for stages 1 and 2, respectively.

**GROSS LOANS TO CUSTOMERS BY PRODUCTS AND MARKETS**

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	3,122.1	264.4	142.6	3,544.6
Consumer loans Finland	2,512.8	212.8	114.9	2,852.8
Consumer loans Sweden	1,956.2	165.7	89.1	2,220.8
Credit cards	571.3	48.4	28.9	648.7
POS	328.8	27.8	54.2	373.3
<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>

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	2,835.2	213.5	558.6	3,607.3
Consumer loans Finland	1,707.2	157.9	85.9	1,951.0
Consumer loans Sweden	1,261.4	76.2	48.8	1,386.3
Credit cards	462.2	48.7	222.5	733.3
POS	355.6	39.8	146.7	542.1
<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>

**IMPAIRMENTS OF LOANS TO CUSTOMERS BY PRODUCTS AND MARKETS**

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	62.9	30.2	71.5	164.6
Consumer loans Finland	60.1	48.8	42.6	151.5
Consumer loans Sweden	72.9	41.3	35.8	149.9
Credit cards	7.5	5.4	15.2	28.2
POS	2.1	3.2	29.8	35.1
<b>Impairments of loans as at 31 December 2022</b>	<b>205.5</b>	<b>128.9</b>	<b>195.0</b>	<b>529.4</b>

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	53.0	28.6	295.5	377.1
Consumer loans Finland	76.4	34.3	40.3	151.0
Consumer loans Sweden	61.4	21.6	29.8	112.8
Credit cards	8.2	2.6	119.0	129.9
POS	2.8	2.5	46.1	51.4
<b>Impairments of loans as at 31 December 2021</b>	<b>201.9</b>	<b>89.8</b>	<b>530.7</b>	<b>822.2</b>

## Note 4 Income

Amounts in NOK million	2022	2021
Interest income from loans to customers	895.5	964.9
of which sales commissions to agents	-130.3	-138.7
Interest income from loans and deposits with credit institutions	11.5	0.5
<b>Total interest income calculated using the effective interest rate method</b>	<b>907.0</b>	<b>965.5</b>
Other interest income and similar income	-	0.0
<b>Total other interest income</b>	<b>-</b>	<b>0.0</b>
<b>Total interest income</b>	<b>907.0</b>	<b>965.5</b>
Interest expense from deposit customers	-68.9	-52.6
Interest expense from subordinated loans and senior unsecured bond	-4.7	-4.3
Other interest expenses and similar expenses	-40.2	-24.9
<b>Total interest expenses</b>	<b>-113.7</b>	<b>-81.8</b>
<b>Net interest income</b>	<b>793.3</b>	<b>883.7</b>
Insurance services	32.2	35.3
Other commission income and fees	20.9	16.2
<b>Total commission income and fees</b>	<b>53.0</b>	<b>51.6</b>
Provisions to other bank connections	-4.3	-5.2
Other commission expenses and fees	-39.0	-57.7
<b>Commission expenses and fees</b>	<b>-43.3</b>	<b>-62.9</b>
<b>Net commissions and fees</b>	<b>9.8</b>	<b>-11.3</b>
Net gain/(loss) on certificates and bonds	-1.9	-2.5
Net currency gain/(loss)	-0.2	6.5
<b>Net gains/(losses) on certificates, bonds and currency</b>	<b>-2.1</b>	<b>4.0</b>
<b>Total income</b>	<b>800.9</b>	<b>876.4</b>

## Note 5 Operating expenses

Amounts in NOK million	2022	2021
Salaries	-98.5	-121.5
Social security tax and finance tax	-23.1	-27.1
Pension expenses	-7.7	-7.4
Other personnel expenses	-4.1	-6.0
<b>Total personnel expenses</b>	<b>-133.4</b>	<b>-162.0</b>

The Bank has not given guarantees to any employees, board members or their related parties in 2022 or 2021. All employees, board members and their related parties that have consumer loans, credit card and deposit products in the Bank have them to the ordinary terms and conditions.

All employees, in total 87 persons as at 31 December 2022 and 145 as at 31 December 2021, are covered by the Bank's pension plan. The plan is a defined-contributed plan. The Bank is obliged to have an occupational pension plan in accordance with the Compulsory Occupational Pension Plan Act, and the Bank's plan satisfies the requirements of the Act.

See note 20 for remuneration to the management team and note 6 for information about variable remuneration.

Amounts in NOK million	2022	2021
Direct marketing expenses	-36.0	-32.1
IT-expenses	-69.4	-67.0
Other general administrative expenses	-53.5	-42.2
<b>Total general and administrative expenses</b>	<b>-159.0</b>	<b>-141.2</b>
Insurance	-1.7	-1.3
External audit and related services	-2.6	-2.0
Other consultants	-22.2	-13.8
Other operating expenses	-16.6	-17.8
<b>Total other expenses</b>	<b>-43.1</b>	<b>-34.8</b>

Specification of fees for external auditor. Amounts in NOK million	2022	2021
Statutory audit	1.1	1.2
Other assurance services	0.4	0.3
Tax advisory	-	-
Other services	0.0	-
<b>Total auditor fees incl. VAT</b>	<b>1.5</b>	<b>1.5</b>

## Note 6 Share option programs

The Bank has share option programmes for employees related to fixed and variable remuneration.

Share options for variable remuneration are granted annually after the Annual Report has been approved by the Annual General Meeting (AGM), in line with the Bank's guidelines for variable remuneration. Allocation of share options related to variable remuneration that was earned in 2022 will be allotted after AGM in April 2023. The exact number of share options granted related to bonus will depend on the share's market value at that time and other factors described in the Bank's option plan. Share options for variable remuneration are released (vested) annually over a period of 3 years, the first time one year after grant date.

The Bank's share option programs are assessed to satisfy the requirements for variable remuneration plans. The Bank's variable remuneration related to share options releases in accordance with Chapter 15 of the Act on financial institutions and financial groups, with regulations and other applicable regulations for bank remuneration plans.

### OVERVIEW OF CHANGES IN OPTIONS

	2022		2021	
	Quantity	WASP <sup>1</sup>	Quantity	WASP <sup>1</sup>
Outstanding options as at 1 January	3,941,227	1.0	3,768,701	1.0
+ granted	401,849	1.0	715,693	1.0
- exercised	-457,294	1.0	-523,455	1.0
- terminated	-41,188	1.0	-19,712	1.0
- expired	-	-	-	-
<b>Outstanding options as at 31 December</b>	<b>3,844,594</b>	<b>1.0</b>	<b>3,941,227</b>	<b>1.0</b>
Vested options as at 31 December	2,670,821	1.0	2,443,571	1.0

WASP <sup>1</sup>	Outstanding options		Exercisable options
	Quantity	Remaining earning period	Quantity
<b>OPTIONS AS AT 31 DECEMBER 2022</b>			
1.0	3,844,594	2.3 years	2,670,821
<b>Total</b>	<b>3,844,594</b>		<b>2,670,821</b>
<b>OPTIONS AS AT 31 DECEMBER 2021</b>			
1.0	3,941,227	3.0 years	2,443,571
<b>Total</b>	<b>3,941,227</b>		<b>2,443,571</b>

<sup>1</sup> Weighted average strike price (WASP)

Fixed exercise price are NOK 1.0 for all outstanding options. Options granted in 2015 and later also includes a variable price element equal to social security tax at the exercise date, as this is covered by the employee.

The Board is eligible to extend the exercise period for previously granted options.

Average fair value of granted options in 2022 was NOK 6.85 (2021: NOK 7.76), in total NOK 2.8 million (2021: NOK 5.5 million).

Expensed costs in the resultat for share options programs in 2022 were NOK 2.6 million (2021: NOK 5.6 million).

For calculation of fair value of granted options, Black & Scholes's option pricing model is used. The value of vested options is recognized against other paid-in equity.

The following assumptions are used in the calculation:

- Share price at the time of the grant: The share price equals the listed price at Oslo Børs at the time of the grant, weighted average in 2022 was NOK 7.77 (2021: NOK 10.30)
- Volatility: Historical volatility is expected to be an indication of future volatility. Expected volatility is therefore equal to historic volatility and was 46% in 2022 (2021: 35%).
- Expiration of the option: The option's expected maturity time was 5.0 years in 2022 (2021: 4.9 years).
- Risk-free rate: Risk-free rate equals the interest rate on 5 year government bonds, i.e. average 2.42% in 2022 (2021: 1.05%).

## Note 7 Tax expenses

Amounts in NOK million	2022	2021
This year's tax expenses is related to:		
Income tax payable	-0.2	-
Adjustment to last year's accrued income tax payable	-	-0.1
Change in deferred tax/deferred tax assets	-0.5	69.5
<b>Total tax expenses</b>	<b>-0.6</b>	<b>69.4</b>
Reconciliation of effective income tax rate		
Profit/(loss) before tax expenses	1.6	-278.1
<b>Expected tax expense with nominal tax rate of 25%</b>	<b>-0.4</b>	<b>69.5</b>
25 % of permanent differences	6.3	-0.5
25 % of interest expenses on AT1 capital	-4.9	-4.5
25% of temporary differences not impacting income tax payable	-1.6	5.0
Correction last year's accrued income tax payable	-	-0.1
<b>Total tax expenses</b>	<b>-0.6</b>	<b>69.4</b>
Effective tax rate	-39%	-25%
Deferred tax (+)/ deferred tax asset (-) in the balance sheet is related to the following temporary differences:		
Fixed assets	-0.4	-0.3
Leasing agreements	-2.5	-1.0
Certificates and bonds	-8.5	-14.7
Other receivables	-	6.4
Accruals	-0.6	-
Tax losses carried forward	-299.0	-283.7
Tax credit carried forward	-0.6	-0.3
<b>Total temporary differences</b>	<b>-311.0</b>	<b>-293.8</b>
Tax rate	25%	25%
<b>Deferred tax (+)/ deferred tax asset (-) in the balance sheet</b>	<b>-77.9</b>	<b>-73.4</b>

The carried forward loss is related to the negative result in 2021 and has no expiration date. The deferred tax asset is recognized in full based on the bank's expectation that the carried forward loss will be utilized within the forecast period approved by the Board.

## Note 8 Financial instruments

### CLASSIFICATION OF FINANCIAL INSTRUMENTS

Amounts in NOK million	31 Dec 2022			31 Dec 2021		
	Fair value through profit or loss	Amortised cost	Total	Fair value through profit or loss	Amortised cost	Total
Loans and deposits with credit institutions	-	807.8	807.8	-	1,301.8	1,301.8
Loans to customers	-	9,110.7	9,110.7	-	7,397.8	7,397.8
Certificates and bonds	1,453.5	-	1,453.5	883.0	-	883.0
Other receivables	-	20.7	20.7	-	278.0	278.0
<b>Total financial assets</b>	<b>1,453.5</b>	<b>9,939.3</b>	<b>11,392.8</b>	<b>883.0</b>	<b>8,977.6</b>	<b>9,860.6</b>
Deposit from customers	-	9,347.6	9,347.6	-	7,933.9	7,933.9
Other debt	-	78.3	78.3	-	38.6	38.6
Subordinated loans	-	65.0	65.0	-	65.0	65.0
<b>Total financial liabilities</b>	<b>-</b>	<b>9,490.9</b>	<b>9,490.9</b>	<b>-</b>	<b>8,037.5</b>	<b>8,037.5</b>

### FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES ASSESSED AT AMORTISED COST

#### Loans and deposits with credit institutions

Fair value is estimated to correspond to amortised cost.

#### Loans to customers

Loans to customers are highly exposed to market competition so any additional values in the loan balance will not be able to be maintained over time. At the same time, an impairment is recognised if observable events occur that indicate a fall in value. The impairments are based on an assessment of the future cash flow, discounted by the effective rate of interest. The fair value is therefore considered to correspond with amortised cost.

#### Other receivables

Fair value is estimated to correspond to amortised cost.

#### Deposits from customers

Fair value is estimated to correspond to amortised cost.

#### Other debt

Fair value is estimated to correspond to amortised cost.

#### Subordinated loans

The Bank's subordinated loans are listed, but the instrument is traded at a relatively low frequency. As a substitute for the observable prices, it is considered that amortised cost can be used as an approximation of fair value.

### FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value are placed in the different levels below based on the quality of market data for the individual type of instrument.

#### Level 1: Valuation based on listed prices in an active market

Level 1 includes financial instruments that are valued using listed prices in active markets for identical assets or liabilities. This category includes certificates and government bonds that are traded in active markets.

#### Level 2: Valuation based on observable market data

In level 2, valuation is based on (1) directly or indirectly observable prices for identical assets or liabilities in a market that is not active, (2) models that use prices and variables from observable markets or transactions and (3) pricing in an active market of a similar, but not identical asset or liability.

#### Level 3: Valuation based on non-observable market data

If a valuation cannot be established in levels 1 or 2, valuation methods are used that are based on non-observable market data.

Amounts in NOK million	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Certificates and bonds	470.5	983.1	-	1,453.5	-	883.0	-	883.0
<b>Total financial assets</b>	<b>470.5</b>	<b>983.1</b>	<b>-</b>	<b>1,453.5</b>	<b>-</b>	<b>883.0</b>	<b>-</b>	<b>883.0</b>

Certificates and bonds are valued to listed prices when available.

## Note 9 Loans and deposits with credit institutions

Amounts in NOK million	31 Dec 2022	31 Dec 2021
<b>Loans and deposits with credit institutions</b>	<b>807.8</b>	<b>1,301.8</b>
of which restricted loans and deposits:		
Tax withholding funds	5.2	4.8
Other restricted funds	26.8	26.5

There was not any need for impairments, neither as at 31 December 2022 nor as at 31 December 2021.

## Note 10 Certificates and bonds

The Banks certificates and bonds are allocated as follows:

Amounts in NOK million	Risk weight	31 Dec 2022	31 Dec 2021
Government certificates	0%	650.1	180.8
Funds with investments in government certificates	0%	406.2	403.1
Covered bonds	10%	94.1	198.8
Market based certificates and bonds	20%	303.1	100.3
<b>Total certificates and bonds</b>		<b>1,453.5</b>	<b>883.0</b>

Certificates and bonds are measured at fair value.

## Note 11 Fixed and intangible assets

Amounts in NOK million	intangible assets	Right-of-use assets	Refitting of office premises	Fixtures and office equipment	Other	Total
Cost as at 1 January 2021	328.1	19.4	0.7	3.7	0.2	352.1
Additions	72.9	-	0.2	0.2	-	73.2
Disposals	-	-	-	-	-	-
<b>Cost as at 31 December 2021</b>	<b>401.0</b>	<b>19.4</b>	<b>0.9</b>	<b>3.9</b>	<b>0.2</b>	<b>425.3</b>
Accumulated depreciation and write-offs as at 1 January 2021	-173.9	-7.7	-0.4	-2.5	-	-184.5
Depreciation	-72.9	-3.9	-0.2	-0.6	-	-77.3
Write-offs	-	-	-	-	-	-
<b>Accumulated depreciation and write-offs as at 31 December 2021</b>	<b>-247.5</b>	<b>-11.6</b>	<b>-0.5</b>	<b>-3.1</b>	<b>-</b>	<b>-262.5</b>
<b>Book value as at 31 December 2021</b>	<b>153.5</b>	<b>7.8</b>	<b>0.4</b>	<b>0.7</b>	<b>0.2</b>	<b>162.6</b>
	-	-	-	-	0	0
Cost as at 1 January 2022	401.0	19.4	0.9	3.9	0.2	425.3
Additions	57.6	0.8	0.1	0.1	-	58.7
Disposals	-	-	-	-	-	-
<b>Cost as at 31 December 2022</b>	<b>458.6</b>	<b>20.2</b>	<b>1.0</b>	<b>4.0</b>	<b>0.2</b>	<b>484.0</b>
Accumulated depreciation and write-offs as at 1 January 2022	-247.5	-11.6	-0.5	-3.1	-	-262.5
Depreciation	-74.2	-4.3	-0.2	-0.4	-	-79.1
Write-offs	-91.0	-1.8	-	-	-	-92.7
<b>Accumulated depreciation and write-offs as at 31 December 2022</b>	<b>-413.3</b>	<b>-17.6</b>	<b>-0.7</b>	<b>-3.4</b>	<b>-</b>	<b>-435.0</b>
<b>Book value as at 31 December 2022</b>	<b>45.3</b>	<b>2.5</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>48.8</b>
<b>Depreciation period</b>	<b>3 – 5 years</b>	<b>See below</b>	<b>See below</b>	<b>3-5 year</b>	<b>No depr.</b>	

Intangible assets and fixed assets are depreciated on a straight-line basis over lifetime.

Intangible assets mainly consist of acquired and in-house developed IT systems and IT rights.

Right-of-use assets and refitting of office premises are related to the Bank's lease agreements and is depreciated over the lease term. See note 12 for information regarding lease agreements.

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 had a write-down of NOK 91.0 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. Further, NOK 1.8 million of rights-of-use assets was written down due to change of office premises in 2023, see also note 12 regarding lease agreements.

## Note 12 Lease agreements

The Bank leases office premise in Vollsveien 2A and 2B in Lysaker and parking lots nearby. The lease agreements expires 31 December 2023. See also note 12 for further information regarding the right-of-use assets.

The bank has entered into an agreement for lease of new office premises from July 2023. The lease term is until January 2031 and annual rent for the new office premises is NOK 3.6 million. This lease is not included in rights-of-use assets and lease liabilities as at 31 December 2022.

The bank has no short-term leases or leases where the underlying asset has a low value.

Amounts in NOK million	2022	2021
Interest expenses for lease liabilities	0.4	0.7
Total outgoing cash flows for lease agreements	5.1	4.5
Lease liabilities in the balance sheet	5.0	8.8

### OUTGOING CASH FLOWS FOR LEASING AGREEMENTS:

Amounts in NOK million	2022	2021
Within 1 year	5.1	4.5
1-3 year	-	4.5
Above 5 years	-	-
<b>Total</b>	<b>5.1</b>	<b>9.0</b>

## Note 13 Other debt

The Bank's debt consist of the following:

Amounts in NOK million	31 Dec 2022	31 Dec 2021
Accounts payable	67.1	38.6
Social and other indirect taxes	9.5	16.3
Other short-term debt	85.6	87.5
<b>Total other debt</b>	<b>162.1</b>	<b>142.4</b>
Subordinated loans (ISIN NO0010941131) 3 months NIBOR + 5.0 % interest margin	65.0	65.0
<b>Total subordinated loans (Tier 2)</b>	<b>65.0</b>	<b>65.0</b>

### RECONCILIATION OF SUBORDINATED LOANS:

Amounts in NOK million	2022	2021
Opening balance as at 1 January	65.0	65.0
Amortisation of transaction costs/change interest rate	-	-
<b>Closing balance as at 31 December</b>	<b>65.0</b>	<b>65.0</b>

Expiration date for the loan is 3 March 2031 with the option to call for first time as at 3 March 2026, and thereafter each quarter on every interest payment date.

All deposits from the Bank's customers are from individuals in Norway, Sweden and Germany. Interest rates for deposits are not fixed.

The Bank's average (weighted) offered interest rate in 2022 were 1.25% for Norwegian deposit customers (2021: 0.75%), 0.61% for German deposit customers (2021: 0.53%) and 1.19 % for Swedish deposit customers (2021: 0.84). The calculation is based on actual interest expenses and average deposit balances each month.

The Bank did not have any unused bank credit limits or other limit facilities as at 31 December 2022 nor 31 December 2021.

## Note 14 Capital adequacy

### CAPITAL

Amounts in NOK million	31 Dec 2022	31 Dec 2021
<b>Capital</b>		
Booked 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>

### CAPITAL EXCLUDING PHASE-IN EFFECTS OF IFRS 9

Amounts in NOK million	31 Dec 2022	31 Dec 2021
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

### CALCULATION BASIS

Amounts in NOK million	31 Dec 2022	31 Dec 2021
Loans and deposits with credit institutions	161.6	260.4
Loans to retail customers and phase-in effect IFRS 9	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>CAPITAL RATIOS INCLUDING PHASE-IN EFFECT OF IFRS 9</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</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>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Common Equity Tier 1 (CET1)	19.1%	19.6%
Core capital	21.4%	22.1%
Total capital	22.2%	22.9%

As at 31 December 2022, the Bank had a Liquidity Coverage Ratio (LCR) of 451% (31 December 2021: 386%) and a Net Stable Funding Ratio (NSFR) of 127% (31 December 2021: 174%). The Bank's internal objective is to have LCR og NSFR of minimum 125% and 115% respectively.

The Bank's leverage ratio as at 31 December 2022 was 14.9% (31 December 2020: 15.5%).

The Bank's regulatory Pillar 1 and Pillar 2 minimum in 2022 were capital adequacy 17.6% (2021: 17.1%), core capital 19.1% (2021: 18.6%) and total capital 21.1% (2021: 20.6%). These capital requirements includes a Pillar 2 requirement of 6.5 % (2021: 6.5 %) and a counter cyclic requirement of 1.1% (2021: 0.6%). The Bank's regulatory minimum for leverage ratio equals 5% (2021: 5%).

Komplett Bank has a capital adequacy objective of 22.1% (2021: 21.5%), including a Common Equity Tier 1 adequacy of 18.6% (2021: 18.0%) to provide leverage forthe Bank's growth strategy.

## Note 15 Risk management

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### General

The Board has established various policies for management and control of key risks. The policies, which are updated regularly, describe both quantitative risk limits and relevant qualitative guidelines.

The Board receives compliance and risk control reports relating to the established policies, from the administration regularly and as required.

The Bank is exposed to different types of business risk. Liquidity risk, credit risk and market risk are three key risks described in more detail below.

### Liquidity risk

The Board has adopted a finance policy with guidelines for liquidity management, risk limits, follow-up, and reporting in the area. The guidelines are reviewed by the Board at least once a year. The Board receives regular reports on the development of the Bank's liquidity risk. The Bank aims to have low liquidity risk. The risk is continuously monitored, and the Bank invests in such a way that the liquidity risk is kept low. The Bank's investments consist mainly of deposits in other financial institutions and in interest-bearing securities with good liquidity and low counterparty risk.

### Credit risk

The Bank's general strategy for credit risk is defined in the Bank's credit policy. The general principles stipulate, among other things, the following:

- The Bank's loans shall only be to private individuals.
- The Bank's loans shall be well diversified.
- All customers shall be subject to a credit assessment.
- In addition to credit score rules, the customer must also be accepted in accordance with the Bank's policy rules and the Bank's requirements for ability and willingness to pay.

The Bank's management of the Credit assessment is monitored on a regular basis. The Credit Policy contains trigger levels of PD and Net loss rate. If the trigger levels are reached, evaluation is conducted and/or action to mitigate reached levels are implemented. All our policy rules are reviewed monthly including the performance on our loss estimates, PD (scorecards).

### Market risk

The Bank's goal is to have low exposure to market risk. Market risk is continuously monitored, and the Bank's investments are made in such a way that the market risk is kept low. The Bank's investments mainly consist of deposits in other financial institutions or in interest-bearing securities with short-term interest rates and good liquidity.

## Note 16 Credit risk

### MAXIMUM EXPOSURE LOANS TO CUSTOMERS AS AT 31 DECEMBER 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Time horizon	PD-interval
Consumer loans Norway - risk class A	4,519.3	-	-	12 months	0,5% - 4,5%
Consumer loans Norway - risk class B	-	244.0	-	Lifetime	0,0% - 37,4%
Consumer loans Norway - risk class C	-	22.3	-	Lifetime	64.6%
Consumer loans Norway - risk class D	-	-	165.9	Lifetime	3,5% - 100,0%
Consumer loans Finland - risk class A	3,330.4	-	-	12 months	0,3% - 5,0%
Consumer loans Finland - risk class B	-	227.8	-	Lifetime	0,0% - 45,3%
Consumer loans Finland - risk class C	-	19.6	-	Lifetime	51.9%
Consumer loans Finland - risk class D	-	-	111.4	Lifetime	5,0% - 100,0%
Consumer loans Sweden - risk class A	2,354.4	-	-	12 months	1,0% - 6,7%
Consumer loans Sweden - risk class B	-	149.8	-	Lifetime	0,0% - 48,9%
Consumer loans Sweden - risk class C	-	20.2	-	Lifetime	70.2%
Consumer loans Sweden - risk class D	-	-	58.8	Lifetime	6,7% - 100,0%
Credit cards - risk class A	2,014.7	-	-	12 months	0,6% - 3,0%
Credit cards - risk class B	-	62.8	-	Lifetime	0,0% - 27,1%
Credit cards - risk class C	-	5.6	-	Lifetime	56,6% - 65,0%
Credit cards - risk class D	-	-	46.0	Lifetime	3,0% - 100,0%
POS - risk class A	262.6	-	-	12 months	2.6%
POS - risk class B	-	34.0	-	Lifetime	28.3%
POS - risk class C	-	-	47.6	Lifetime	100.0%
<b>Total maximum exposure loans to customers</b>	<b>12,481.4</b>	<b>786.1</b>	<b>429.7</b>		

### MAXIMUM EXPOSURE LOANS TO CUSTOMERS AS AT 31 DECEMBER 2021

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Time horizon	PD-interval
Consumer loans Norway - risk class A	4,009.9	-	-	12 months	0,5% - 5,4%
Consumer loans Norway - risk class B	-	290.7	-	Lifetime	37.4%
Consumer loans Norway - risk class C	-	51.9	-	Lifetime	72.1%
Consumer loans Norway - risk class D	-	-	657.5	Lifetime	100.0%
Consumer loans Finland - risk class A	2,381.8	-	-	12 months	0,2% - 8,9%
Consumer loans Finland - risk class B	-	191.6	-	Lifetime	49.6%
Consumer loans Finland - risk class C	-	37.0	-	Lifetime	65.7%
Consumer loans Finland - risk class D	-	-	36.0	Lifetime	100.0%
Consumer loans Sweden - risk class A	1,578.7	-	-	12 months	1,1% - 8,8%
Consumer loans Sweden - risk class B	-	95.3	-	Lifetime	57.8%
Consumer loans Sweden - risk class C	-	19.7	-	Lifetime	85.5%
Consumer loans Sweden - risk class D	-	-	29.7	Lifetime	100.0%
Credit cards - risk class A	1,706.4	-	-	12 months	0,6% - 4,0%
Credit cards - risk class B	-	68.7	-	Lifetime	23.3%
Credit cards - risk class C	-	5.8	-	Lifetime	58.6%
Credit cards - risk class D	-	-	210.0	Lifetime	100.0%
POS - risk class A	328.0	-	-	12 months	4.2%
POS - risk class B	-	51.6	-	Lifetime	35.5%
POS - risk class C	-	-	118.1	Lifetime	100.0%
<b>Total maximum exposure loans to customers</b>	<b>10,004.8</b>	<b>812.4</b>	<b>1,062.4</b>		

Maximum exposures of loans to customers includes both drawn and undrawn credit facilities.

Risk class; A = loans in stage 1; B = inactive customers and DPD 30-60 days; C = loans DPD 60-90 days; D = loans in stage 3

## SENSITIVITY AS AT 31 DECEMBER 2022:

Amounts in NOK million	Consumer loans			Credit cards	POS	Total
	Norway	Finland	Sweden	NO/FI/SE	NO/SE	
<b>Sensitivity by changing loss given default (LGD)</b>						
Profit or loss effect at 1% change	3.2	3.0	2.7	0.6	2.0	11.6
Profit or loss effect at 2% change	6.5	6.1	5.4	1.3	2.4	21.5
Profit or loss effect at 5% change	16.2	15.2	13.4	3.1	3.5	51.4
<b>Sensitivity by changing probability of default (PD)</b>						
Profit or loss effect at 1% change	15.3	14.3	12.0	3.1	0.1	44.8
Profit or loss effect at 2% change	30.6	28.7	24.1	6.2	0.1	89.7
Profit or loss effect at 5% change	76.6	71.7	60.2	15.5	0.3	224.2
<b>Sensitivity by changing macroeconomic adjustments</b>						
Resultateffekt ved 1 %-poeng endring	1.0	1.2	1.1	0.1	1.7	5.1
Resultateffekt ved 2 %-poeng endring	1.9	2.4	2.3	0.2	1.7	8.6
Resultateffekt ved 5 %-poeng endring	4.8	6.0	5.6	0.6	1.9	18.9

## SENSITIVITY AS AT 31 DECEMBER 2021:

Amounts in NOK million	Consumer loans			Credit cards	POS	Total
	Norway	Finland	Sweden	NO/FI/SE	NO/SE	
<b>Sensitivity by changing loss given default (LGD)</b>						
Profit or loss effect at 1% change	7.3	2.9	2.0	2.3	0.5	15.1
Profit or loss effect at 2% change	14.7	5.8	4.0	4.6	1.0	30.1
Profit or loss effect at 5% change	36.7	14.6	10.0	11.5	2.6	75.4
<b>Sensitivity by changing probability of default (PD)</b>						
Profit or loss effect at 1% change	10.9	9.8	7.6	2.7	0.1	31.0
Profit or loss effect at 2% change	21.7	19.6	15.1	5.4	0.1	62.0
Profit or loss effect at 5% change	54.2	49.0	37.8	13.6	0.3	155.0
<b>Sensitivity by changing macroeconomic adjustments</b>						
Resultateffekt ved 1 %-poeng endring	3.7	1.4	1.1	1.3	0.1	7.7
Resultateffekt ved 2 %-poeng endring	7.5	2.9	2.1	2.6	0.1	15.2
Resultateffekt ved 5 %-poeng endring	18.7	7.2	5.3	6.5	0.3	38.0

The Bank's management of the Credit assessment is monitored on a regular basis. The Credit Policy contains trigger levels of PD and Net loss rate. If the trigger levels are reached, evaluation is conducted and/or action to mitigate reached levels are implemented. All our policy rules are reviewed monthly including the performance on our loss estimates, PD (scorecards).

## Note 17 Liquidity and interest rate risk

The Board of Directors has established guidelines that sets the limit for maximum interest rate risk. Monitoring and reporting of liquidity and interest rate risk happens continuously according to provided instructions.

### Liquidity risk

The liquidity risk of the Bank arises from or results from the maturity profile of the Bank's assets and liabilities. Below follows an overview of different time intervals as to when the Bank's assets and liabilities mature.

#### DISTRIBUTION OF TERMS AS AT 31 DECEMBER 2022

Amounts in NOK million	No defined term	< 3 months	3 months < 1 year	1 year < 5 years	Over 5 years	Total
Loans and deposits with credit institutions	807.8	-	-	-	-	807.8
Loans to customers	5,639.6	-	9.6	4,864.5	-	10,512.7
Certificates and bonds	1,453.5	-	-	-	-	1,453.5
Other receivables	-	20.7	-	-	-	20.7
<b>Total assets</b>	<b>7,899.9</b>	<b>20.7</b>	<b>9.6</b>	<b>4,864.5</b>	<b>-</b>	<b>12,794.7</b>
Deposits from customers	9,337.1	-	10.5	-	-	9,347.6
Other debt	-	78.3	-	-	-	78.3
Subordinated loans	-	1.4	4.1	22.0	82.9	110.3
<b>Total liabilities</b>	<b>9,337.1</b>	<b>79.7</b>	<b>14.6</b>	<b>22.0</b>	<b>82.9</b>	<b>9,536.3</b>

#### DISTRIBUTION OF TERMS AS AT 31 DECEMBER 2021

Amounts in NOK million	No defined term	< 3 months	3 months < 1 year	1 year < 5 years	Over 5 years	Total
Loans and deposits with credit institutions	1,301.8	-	-	-	-	1,301.8
Loans to customers	6,172.3	0.6	3.7	2,805.7	-	8,982.3
Certificates and bonds	883.0	-	-	-	-	883.0
Other receivables	-	278.0	-	-	-	278.0
<b>Total assets</b>	<b>8,357.1</b>	<b>278.5</b>	<b>3.7</b>	<b>2,805.7</b>	<b>-</b>	<b>11,445.1</b>
Deposits from customers	7,803.5	80.0	50.6	-	-	7,934.1
Other debt	-	38.6	-	-	-	38.6
Subordinated loans	-	1.0	2.9	15.5	81.4	100.8
<b>Total liabilities</b>	<b>7,933.8</b>	<b>119.6</b>	<b>53.5</b>	<b>15.5</b>	<b>81.4</b>	<b>8,073.4</b>

Loans to customers and deposits from customers with a term period, and subordinated loans, include expected interests in the overview above.

The Bank had no financial instruments that were not recognised as at 31 December 2022 nor as at 31 December 2021. See also the Report from the Board of Directors for further information and discussion of the Bank's liquidity risk.

**Interest rate risk**

Different fixed-rate periods for assets and liabilities will give rise to interest rate risk for the Bank. Provided below is a summary of the remaining periods of agreed interest rate adjustments for the assets and liabilities.

**INTEREST RATE RISK AS AT 31 DECEMBER 2022**

Amounts in NOK million	0 month < 3 months	No interest	Total
Loans and deposits with credit institutions	807.8	-	807.8
Loans to customers	9,110.7	-	9,110.7
Certificates and bonds	1,453.5	-	1,453.5
Other receivables	-	20.7	20.7
<b>Total assets</b>	<b>11,372.1</b>	<b>20.7</b>	<b>11,392.8</b>
Deposits from customers	9,347.6	-	9,347.6
Other debt	-	78.3	78.3
Subordinated loans	65.0	-	65.0
<b>Total liabilities</b>	<b>9,412.6</b>	<b>78.3</b>	<b>9,490.9</b>

**INTEREST RATE RISK AS AT 31 DECEMBER 2021**

Amounts in NOK million	0 month < 3 months	No interest	Total
Loans and deposits with credit institutions	1,301.8	-	1,301.8
Loans to customers	7,397.8	-	7,397.8
Certificates and bonds	883.0	-	883.0
Other receivables	-	278.0	278.0
<b>Total assets</b>	<b>9,582.6</b>	<b>278.0</b>	<b>9,860.6</b>
Deposits from customers	7,933.9	-	7,933.9
Other debt	-	38.6	38.6
Subordinated loans	65.0	-	65.0
<b>Total liabilities</b>	<b>7,998.9</b>	<b>38.6</b>	<b>8,037.5</b>

**INTEREST RATE RISK - SENSITIVITY OF 1% POINT CHANGE IN THE YIELD CURVE**

Amounts in NOK million	31 Dec 2022	31 Dec 2021
Loans and deposits with credit institutions	0.3	0.5
Loans to customers	15.2	12.3
Certificates and bonds	6.0	1.5
Other receivables	-	-
<b>Total assets</b>	<b>21.5</b>	<b>14.4</b>
Deposits from customers	-15.6	-13.2
Other debt	-	-
Subordinated loans	-0.1	-0.2
<b>Total liabilities</b>	<b>-15.7</b>	<b>-13.4</b>
<b>Total net interest rate risk</b>	<b>5.8</b>	<b>1.0</b>

**CURRENCY RISK - SENSITIVITY OF CHANGING EXCHANGE RATES END OF THE YEAR**

Amounts in NOK million	31 Dec 2022	31 Dec 2021
Effect in profit or loss by changing 1%	0.0	0.8
Effect in profit or loss by changing 2%	0.1	1.6
Effect in profit or loss by changing 5%	0.1	4.1

The Bank's currency exposure amounted as at 31 December 2022 to EUR 0.7 million (31 December 2021: EUR 3.8 million) and SEK -11.2 million (31 December 2021: SEK 45.8 million).

## Note 18 Earnings per share

	2022	2021
Number of shares as at 1 January	187,137,194	186,613,739
Issued shares	457,294	523,455
<b>Number of shares as at 31 December</b>	<b>187,594,488</b>	<b>187,137,194</b>
Average number of shares	187,464,519	186,875,312
Average number of diluted shares	191,357,429	190,730,276
<b>Amounts in NOK million</b>		
Profit/(loss) after tax	0.9	-208.7
Paid interest on Tier 1 capital after tax	-14.8	-13.4
<b>Adjusted profit/(loss) after tax</b>	<b>-13.8</b>	<b>-222.1</b>
Earnings per share (NOK)	-0.07	-1.19
Diluted earnings per share (NOK)	-0.07	-1.19

Earnings per shares shall show the result for the Bank's ordinary shareholders. Profit/(loss) after tax is therefore reduced with paid interest on Common Tier 1 capital after tax.

Since the Bank had a loss in 2021, diluted earnings per share is not reduced by diluted shares but is the same amount as ordinary earnings per share.

## Note 19 Shareholders

The face value of the company's shares is NOK 1.00. All shares have the same share class and voting rights.

Overview of the 20 largest shareholders as at 31 December 2022:	Number of shares	Ownership in %	Shareholder structure
Kistefos AS	35,747,285	19.1%	
UBS AG	17,493,330	9.3%	NOM
Alfab I AS	9,111,492	4.9%	
Sparebank 1 Markets AS	8,960,000	4.8%	
Skandinaviska Enskilda Banken AB	6,400,000	3.4%	NOM
RBC Investor services bank S.A.	5,066,254	2.7%	NOM
The Bank of New York Mellon SA/NV	4,946,492	2.6%	NOM
BNP Paribas Arbitrage SNC	4,506,670	2.4%	
OM Holding AS	4,209,465	2.2%	
Melesio Invest AS	3,485,068	1.9%	
Directmarketing Invest AS	3,415,043	1.8%	
Christiania Skibs AS	3,100,897	1.7%	
Obligasjon 2 AS	2,580,000	1.4%	
Khaya AS	2,371,403	1.3%	
The Bank of New York Mellon SA/NV	2,022,244	1.1%	NOM
Dingja Holding AS	1,859,961	1.0%	
Sniptind Invest AS	1,739,699	0.9%	
Contribute AS	1,621,279	0.9%	
Stiftelsen Kistefos-Mueseets Drifts	1,500,000	0.8%	
Camak Management AS	1,441,000	0.8%	
<b>Total 20 largest shareholders</b>	<b>121,577,582</b>	<b>64.8%</b>	
Other shareholders	66,016,906	35.2%	
<b>Total</b>	<b>187,594,488</b>	<b>100.0%</b>	

Overview of the 20 largest shareholders as at 31 December 2021:	Number of shares	Ownership in %	Shareholder structure
Kistefos AS	35,747,285	19.1%	
UBS AG	17,243,330	9.2%	NOM
Alfab I AS	9,111,492	4.9%	
DnB NOR Bank ASA	8,021,058	4.3%	
Skandinaviska Enskilda Banken AB	6,451,967	3.4%	NOM
RBC Investor services bank S.A.	5,152,941	2.7%	NOM
UBS AG London Branch	5,004,929	2.7%	
OM Holding AS	4,269,465	2.3%	
Melesio Invest AS	3,485,068	1.9%	
Directmarketing Invest AS	3,415,043	1.8%	
BNP Paribas Arbitrage SNC	3,256,670	1.7%	
Sniptind Invest AS	3,239,699	1.7%	
Christiania Skibs AS	3,100,897	1.7%	
Obligasjon 2 AS	2,580,000	1.4%	
Khaya AS	2,371,403	1.3%	
The Bank of New York Mellon SA/NV	1,982,541	1.1%	NOM
Dingja Holding AS	1,859,961	1.0%	
Contribute AS	1,621,279	0.9%	
Ursulf AS	1,421,822	0.8%	
Laboremus Industrier AS	1,348,392	0.7%	
<b>Total 20 largest shareholders</b>	<b>120,685,242</b>	<b>64.3%</b>	
Other shareholders	66,451,952	35.4%	
<b>Total</b>	<b>187,137,194</b>	<b>100.0%</b>	

## Note 20 Remuneration etc.

A separate report on salary and other remuneration paid to management employees is published at the Bank's website, see [ir.komplettbank.com](http://ir.komplettbank.com).

Fees paid to the Board of Directors:

Amounts in NOK million	2022	2021
Stig Eide Sivertsen (Chairman of the Board)	0.8	0.9
Bodil Palma Hollingsæter (Vice Chair)	0.6	0.6
Live Bertha Haukvik (board member until AGM 2022)	0.2	0.4
Jan Ole Stangeland (board member until EGM 2021)	-	0.1
Harald Hjorthen (board member until AGM 2022)	0.2	0.4
Nishant Fafalia (board member)	0.4	0.3
Thomas Bjørnstad (board member from AGM 2022)	0.2	-
Anna-Karin Østlie (board member from AGM 2022)	0.2	-
Kristian Tovsen (employee-elected board member until October 2021)	-	0.1
Jonna Kyllönen (employee-elected board member)	0.1	0.1
Erik Hellqvist (employee-elected board member until April 2022)	0.1	0.0
Frank James Wilson (employee-elected board member from April 2022 until February 2023)	0.1	-
Nojanaj Pongsupaht (employee representative until May 2021)	-	0.0
Thea Elind (employee representative from April 2021 until April 2022)	0.0	0.0
Stina Åslund (employee representative from April 2022 until January 2023)	0.0	-
Joseph Suleiman (employee representative from April 2022 until November 2022)	0.0	-
<b>Total fees paid to the Board of Directors</b>	<b>2.8</b>	<b>3.0</b>

Salaries and remuneration to key personell 2022			Fixed salary		Other remuneration			Total
			Salary	Value of share options <sup>1</sup>	Variable salary <sup>2</sup>	Other rem.	Pension	
Amounts in NOK million			Salary	Value of share options <sup>1</sup>	Variable salary <sup>2</sup>	Other rem.	Pension	Total
Chief Executive Officer (CEO)	Øyvind Oanes		4.0	-	-	0.0	0.1	4.1
Chief Financial Officer (CFO), from 12 January 2022, and Deputy CEO	Eirik Holtedahl		2.0	-	0.5	0.0	0.1	2.6
Chief Financial Officer (CFO), until 12 January 2022	Henning Fagerbakke		0.2	-	-	0.0	0.0	0.2
Chief Compliance Officer	Eivind Bagås		1.5	-	0.4	0.0	0.1	2.0
Chief Commercial Officer (CCO)	Enok S. Hanssen		1.8	-	0.4	0.0	0.1	2.4
Risk Officer (CRO)	Ove Holstangen		1.5	-	0.4	0.0	0.1	2.0
Chief Credit Risk Officer (CCRO)	Annika Ramstedt		2.0	-	0.6	0.0	0.1	2.7
Chief Technology Officer (CTO), until 28 February 2022	Steffen Ryengen		0.3	-	-	0.0	0.0	0.4
Chief Technology Officer (CTO), from 1 March 2022	Martin Valland <sup>3</sup>		-	-	-	-	-	-
Chief Operations Officer (COO)	Wilhelm B. Thomassen		2.2	-	0.6	0.0	0.1	2.9
<b>Total</b>			<b>15.4</b>	<b>-</b>	<b>2.9</b>	<b>0.1</b>	<b>0.8</b>	<b>19.1</b>

Salaries and remuneration to key personell 2021			Fixed salary		Other remuneration			Total
			Salary	Value of share options <sup>1</sup>	Variable salary <sup>2</sup>	Other rem.	Pension	
Amounts in NOK million			Salary	Value of share options <sup>1</sup>	Variable salary <sup>2</sup>	Other rem.	Pension	Total
Chief Executive Officer (CEO), from 1 October 2021	Øyvind Oanes		1.0	-	-	0.0	0.1	1.1
Chief Executive Officer (CEO), until 23 June 2021	Jan Haglund		2.1	0.1	1.4	0.0	0.0	3.6
Deputy CEO	Eirik Holtedahl		2.1	0.3	0.6	0.0	0.1	3.2
Chief Financial Officer (CFO)	Henning Fagerbakke		1.8	0.3	0.7	0.0	0.1	2.9
Chief Operations Officer (COO)	Wilhelm B. Thomassen		2.0	-	0.7	0.0	0.1	2.8
Chief Credit Risk Officer (CCRO)	Annika Ramstedt		2.1	-	0.7	0.0	0.1	2.8
Chief Commercial Officer (CCO)	Enok S. Hanssen		1.5	0.1	0.5	0.0	0.1	2.3
Chief Technology Officer (CTO)	Steffen Ryengen		1.9	0.1	0.8	0.0	0.1	3.0
Chief Compliance Officer	Eivind Bagås		1.3	0.0	0.5	0.0	0.1	1.9
Risk Officer (CRO)	Ove Holstangen		1.2	0.0	0.2	0.0	0.1	1.5
Chief Operations Officer (COO), until 6 December 2021	Christina Pedersen		1.7	-	0.7	0.0	0.1	2.5
<b>Total</b>			<b>18.7</b>	<b>1.1</b>	<b>6.8</b>	<b>0.1</b>	<b>1.1</b>	<b>27.7</b>

<sup>1</sup> The value is based on market value at the grant date.

<sup>2</sup> Variable salary relates to value of granted bonus options based on the previous year's work efforts. Only part of the amount applies to vested options.

<sup>3</sup> Martin Valland has been hired as a consultant. Invoiced fee in 2022 was NOK 2.9 million including VAT.

**SHARES OWNED BY THE MANAGAMENE TEAM AND THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2022**

Role	Name	Number of shares (in thousand)
Chief Executive Officer (CEO)	Øyvind Oanes	230
Chief Financial Officer (CFO)	Henning Fagerbakke	961
Chief Operations Officer (COO)	Wilhelm B. Thomassen	1,882
Chief Credit Risk Officer (CCRO)	Annika Ramstedt	128
Chief Commercial Officer (CCO)	Enok S. Hanssen	100
Members of the Board of Directors		326
<b>Total</b>		<b>3,627</b>

**SHARES OWNED BY THE MANAGAMENE TEAM AND THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2021**

Title	Name	Number of shares (in thousand)
Chief Executive Officer (CEO)	Øyvind Oanes	230
Deputy CEO	Eirik Holtedahl	905
Chief Financial Officer (CFO)	Henning Fagerbakke	250
Chief Operations Officer (COO)	Wilhelm B. Thomassen	1,860
Chief Credit Risk Officer (CCRO)	Annika Ramstedt	90
Chief Commercial Officer (CCO)	Enok S. Hanssen	59
Chief Technology Officer (CTO)	Steffen Ryengen	1,621
Chief Compliance Officer	Eivind Bagås	40
Chief Risk Officer	Ove Holstangen	-
Members of the Board of Directors		325
<b>Total</b>		<b>5,380</b>

The shares above are either owned directly or through ownership of a legal company, including shares owned indirectly through companies where the person in question controls the majority of shares.

## Note 21 Related parties

The Bank is not part of a group. Komplet Bank ASA is both financial and operational independent of Komplet ASA and their related parties.

There have not been any material transactions with related parties in the period.

## Note 22 Alternative performance measures

Alternative performance measures (APMs) are often used by investors, financial analysts and others for decision-making purposes by providing a deeper insight into the Bank's operational and financial aspects. APMs can provide reinforcing information about Bank's historical and present situation, and the company's future prospects.

The following APMs are used by the Bank:

### RETURN ON EQUITY (ROE)

Return on equity (ROE) is defined as the annual profit/average quarterly equity (reduced by interest on additional tier 1 capital) expressed as a percentage. This is one of the Bank's most important target figures and provides information on the Bank's ability to generate a surplus from the shareholders' investments.

Amounts in NOK million	2022	2021
Profit/(loss) after tax	0.9	-208.7
- Interest after tax on additional Tier 1 capital	-14.8	-13.4
Average equity	1,759.0	1,950.2

**ROE 2022:  $(0.9 - 14.8) / 1,759.0 = -0.8\%$**

**ROE 2021:  $(-208.7 - 13.4) / 1,950.2 = -11.4\%$**

### COST PERCENTAGE

The cost percentage is defined as total operating expenses excluding losses on loans and marketing expenses/net interest income and net commissions and fees. The target figure is presented to give investors, financial analysts and others an insight into how the costs correlate to revenues, and to give users of the financial reporting information regarding the development of the Bank's operational efficiency or regarding the development of operational efficiency in the Bank.

Amounts in NOK million	2022	2021
Total operating expenses excluding losses on loans and marketing expenses	507.3	415.0
Total income	800.9	876.0

**Cost percentage 2022:  $507.3 / 800.9 = 63.3\%$**

**Cost percentage 2021:  $415.0 / 876.0 = 47.4\%$**

## LOSS PERCENTAGE/LOSS RATIO

Adjusted loss percentage/ loss ratio is defined as the adjusted losses on loans divided by the average adjusted yearly loans to customers. The number is represented in percentage. Losses on loans is among the most significant elements in the income statement, and the development in loan loss ratio is an important key measure amongst investors, financial analytics and other to assess the be able to assess the underlying credit risk in the Bank's loans to customers.

Amounts in NOK million	2022	2021
Losses on loans	292.1	739.1
Average loans to customer	8,930.1	7,879.5

**Loss percentage 2022:  $292.1 / 8,930.1 = 3.3 \%$**

**Loss percentage 2021:  $739.1 / 7,879.5 = 9.4 \%$**

## ADJUSTED RETURN ON EQUITY (ROE ADJUSTED)

Adjusted return on equity (ROE adjusted) is defined as adjusted profit after tax divided by average yearly adjusted equity (excl. Common Tier 1 capital). The adjusted one-offs relate to non-recurring losses on loans. ROE is presented as a percentage. Losses on loans is among the most significant elements in the profit and loss statement. This is one of the company's most important target figures and provides information on the Bank's ability to generate a surplus from the shareholders' investments.

Amounts in NOK million	2022	2021
Profit/(loss) after tax	0.9	-208.7
+ One-off cost related to losses on loans after tax	0.0	353.8
- Interest after tax on additional Tier 1 capital	-14.8	-13.4
<b>= Adjusted profit/(loss) after tax</b>	<b>-13.8</b>	<b>131.7</b>
Average equity	1,759.1	1,950.2
+ Average one-off cost related to losses on loans after tax	-	88.4
<b>= Adjusted average equity</b>	<b>1,759.1</b>	<b>2,038.7</b>

**ROE adjusted 2022:  $(0.9-14.8)/1,759.1 = -0.8\%$**

**ROE adjusted 2021:  $131.7/2,038.7 = 6.5 \%$**

### ADJUSTED LOSS PERCENTAGE/LOSS RATIO

Adjusted loss percentage is defined as adjusted losses on loans/average yearly adjusted net loans in percentage. Losses on loans is among the most significant elements in the income statement. The development in loss ratio is an important key measure amongst investors, financial analytics and other to assess the be able to assess the underlying credit risk in the Bank's loans to customers.

Amounts in NOK million	2022	2021
Losses on loans	292.1	739.1
- One-off cost related to losses on loans	-	471.7
<b>= Adjusted losses on loans</b>	<b>292.1</b>	<b>267.4</b>
Average loans to customers	8,930.1	7,879.5
+ Adjustment loans to customers	-	117.9
<b>= Average adjusted loans to customers</b>	<b>8,930.1</b>	<b>7,997.4</b>

Adjusted loss percentage 2022:  $292.1 / 8,930.1 = 3.3 \%$

Adjusted loss percentage 2021:  $267.4 / 7,997.4 = 3.3 \%$

## Note 23 Off-balance-sheet items

Unused limits and credit facilities as at 31 December 2022 was NOK 4,371.7 million (31 December 2021: NOK 3,233.4 million). Approved and offered loans not yet paid out as at 31 December 2022 amounted NOK 914.0 million (31 December 2021: NOK 296.2 million).

The tax authorities in Norway disagreed with the Bank's treatment of reverse charge for certain services after their control of the period January 2017 to April 2018. The Bank received a decision in August 2021 which concluded missing reverse charge amounted to NOK 2.2 million and extra tax and interest of NOK 0.6 million. The Bank disagrees with the tax authorities' decision and has appealed to the Tax Appeals Board in Norway. The date for processing the complaint has not been set. The Bank has not made any provision for this as at 31 December 2022.

## Note 24 Other significant events

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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 product no longer meeting the expected returns as well as the progress made on the strategic repositioning 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 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.

## Note 25 Subsequent events

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In February 2023, the Bank launched a private placement of new shares in order to raise gross proceeds of up to NOK 100 million. The private placement was successfully placed, and the Board of Directors conditionally allocated subscriptions for 18,181,818 offer shares at a subscription price of NOK 5.50 raising approx. NOK 100 million in gross proceeds. The placement was completed at an extraordinary general meeting on 10 March 2023 approving the capital increase and share allocation, with a subsequent settlement.

The Board is not aware of other events after the balance sheet date that are of significant importance to the annual financial statements.



To the General Meeting of Komplett Bank ASA

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Komplett Bank ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, comprehensive income statement, comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 10 October 2012 for the accounting year 2013.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company's business activities are mainly unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key audit matters for our audit. The area *The value of loans to customers* has the same characteristics and risks as last year and has therefore been an important area of focus in our audit also in 2022.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



### Key Audit Matters

### How our audit addressed the Key Audit Matter

#### The value of loans to customers

Loans to customers represents a considerable part of the Company's total assets. The assessment of loan loss provisions is a model-based framework which includes assessments with elements of management judgment. The framework, is complex, includes considerable volumes of data and judgmental parameters, which is the basis for a risk classification of loans.

The Company's risk classification and internal controls related to the identification of loans with a heightened credit risk is central for the valuation of loans to customers. The framework and the use of management judgment affect the profit for the period and is important for the compliance with the capital adequacy regulations.

In line with IFRS 9, credit losses should be based on more forward-looking information, so that it reflects expected losses.

The use of models to determine expected credit losses entails judgement. In our audit we have focused on:

- Managements process for identification of loans which represent a significant increase in credit risk.
- Assumptions and judgments made by management of the underlying parameters such as the probability of default (PD) and loss given default (LGD) and calculations made.
- Classification of the various loans by risk.
- How the loans are classified into different stages.

We have evaluated and tested the design and effectiveness of controls related to the loan loss provision models. Testing of these controls, focusing on the risk classification of the loans, were performed to verify the models' input parameters, to verify that the model made mathematically accurate calculations and to test elements of the capital adequacy regulations. We concluded that we could base our audit on these controls.

We checked the accuracy of the data used in the calculation of the loan loss provision by tracing data back to registration in the systems on a sample basis. The impact of the pandemic, including the impact on the loan loss model, was discussed with management. We also tested whether the models made mathematically accurate calculations, for the portfolio of loans for which our testing was not based on test of controls.

To ensure that the setting of parameters related to the probability of default were appropriate, we interviewed management and challenged the relevance and the methods applied.

The test results showed that management had used appropriate assumptions in their evaluation of parameters.

We obtained a detailed understanding of the processes and tested the controls associated with:

- the calculation and methodologies used;
- whether the models used were in accordance with the applicable framework and worked as intended;
- the reliability and accuracy of the data used for calculation purposes in the models.

Our testing of internal controls did not indicate material errors in the modelling or deviations from IFRS 9.

We tested whether the models classified loans in the correct stage and whether the loans were subject to significant increased credit risk by sample size testing of



The Company's business is concentrated on consumer loans, credit cards and point of sales. Its internal models are designed to take into account the specific characteristics of each of its products and enable the Company to estimate loan loss impairment provisions for each of these products.

See notes 1.2, 3 and 16 for the description of the Company's models and processes to estimate loan-loss impairment provisions based on IFRS 9.

loans against due date and payment history registered in the Company's system.

Our work also included tests of the Company's financial reporting systems relevant to financial reporting. The Company uses external service organizations for support with their IT systems. The audit team performed detailed substantive testing of relevant reports, automated controls and IT general controls for the external service organization and the company itself. This allowed us to satisfy ourselves with regard to the completeness and accuracy of data in the IT and payment systems relevant to financial reporting.

Our testing included, among other things, whether the key calculations made by the core systems were performed in line with expectations, including interest rate calculations. Further, we performed tests on the access controls to the IT systems and segregation of duties where it was relevant for our audit.

We have read the relevant notes and found them to be adequate.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.



Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Report on Compliance with Requirement on European Single Electronic Format (ESEF)

#### *Opinion*

As part of the audit of the financial statements of Komplett Bank ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name komp-2022-12-31-nb.xhtml, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

#### *Management's Responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

#### *Auditor's Responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.



As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 15 March 2023

**PricewaterhouseCoopers AS**

A handwritten signature in black ink, appearing to read 'Erik Andersen', with a long horizontal flourish extending to the right.

Erik Andersen  
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

