



# Interim report

THIRD QUARTER 2024

# Q3 2024 highlights: Strong growth, increased profitability and updated ambitions

## Strong growth

- Gross loan growth of 24.6% from Q2 2024 driven by organic demand and two successful loan portfolio acquisitions towards the end of the quarter
- Gross loan balance at NOK 15.5 billion at the end of the quarter
- All-time-high total income of NOK 321 million, up 5.2% quarter-on-quarter amid stable yields

## Improved cost efficiency

- Cost/income ratio at industry-leading 25.7% (26.3%) enabled by a scalable banking platform
- OPEX negatively impacted by NOK 3.2 million one-off related to organisational adjustments
- Underlying cost level reduced as increased automation enabled ~13% FTEs reduction in Q3

## Improved loan loss ratio

- Loan loss ratio declined for the third quarter in a row to 4.8% (5.1%)
- Driven by a stricter credit policies implemented in 2023 and a maturing loan book

## Increased profitability

- Profit before tax increased to NOK 72 million (NOK 67 million) and profit after tax to NOK 54.1 million (NOK 50.6 million)
- Return on equity of 9.0% (8.5%) and return on target equity of 10.1% (9.7%)
- Closed accretive NOK ~2.3 billion Swedish consumer loan portfolio acquisitions, in line with strategy to pursue structural opportunities that can accelerate value creation
- Agreed EUR 16 million (NOK ~190 million) sale of Finnish non-performing loans post quarter with a slight positive effect on profits, confirming the valuation of impaired loans

## Updated ambitions, outlook for excess capital generation from 2025

- Medium-term targets extended to year-end 2026 (vs year-end 2025 previously)
- Targeting annualised organic loan growth of 5% (~10%), cost/income ratio of 23% (~26%) and return on target equity of 12-14% (10-12%)
  - With capital requirements like Swedish peers, return on target equity could reach 20%
  - Application for Swedish banking license submitted
- Current business plan set to generate excess capital from 2025
  - Excess capital to be allocated to where it generates the highest long-term shareholder returns, as demonstrated by recent accretive loan portfolio acquisitions

## Comment from the CEO, Øyvind Oanes:

“With a highly scalable banking platform in place, Morrow Bank delivered improvements across all KPIs in Q3 – which was very much in line with our previously stated ambitions.

Most remarkably, we managed to grow our loan balance by around 25% while reducing our cost base. And while the revenue effect from loan acquisitions closed in the quarter will mainly materialise from Q4 2024, we reached a record-high total income. The backdrop is that we now leverage our streamlined platform, as it enables us to further automate processes and increase scalability.

Looking ahead, we see several significant value drivers. Based on the current macro-outlook, we plan to grow organically by around 5% annually while generating increasingly attractive risk-adjusted returns. One important contributor is that we are on track to further improve our already industry-leading cost efficiency to levels below 25%. Additionally, we continue to pursue structural opportunities that can accelerate shareholder value creation.

The combined effect of our operational improvements and recent loan acquisitions is that the Bank is in the position to generate excess capital from 2025 and onwards. When weighing the different options for capital allocation, the scalability of our platform makes us strongly positioned to pursue further in-organic growth opportunities should they arise at attractive terms.

Another structural opportunity that can drive long-term value creation is a potential redomiciliation to Sweden. Not only would that allow us to compete on similar terms as our Swedish peers, but it will also provide us with better access to talent and investors, as Sweden represents the most important cluster for consumer banking in the Nordic region. As such, today we have submitted our application for a banking license with a decision from the Swedish FSA expected by the middle of next year.”

## About Morrow Bank

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

The Bank’s main products are consumer loans, comprising Morrow Bank’s annuity loans as well as a flexible loan product with functionality that gives the customer more flexibility in the use of the credit line. In addition, the Bank offers “Morrow Bank Mastercard”, a credit card with product features tailored for online shopping and travelling. The Bank offers these products in Norway, Sweden and Finland. Moreover, Morrow Bank offers deposit products with highly attractive interest rates in Norway, Sweden, Germany, and as of 2024 Austria, Ireland, the Netherlands, France and Spain. As a member of the Norwegian Banks’ Guarantee Fund, customer deposits are guaranteed up to NOK 2 million in Norway, and EUR 100,000 in other EU/EEA countries, per customer.

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

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

## Financial figures for Q3 2024

All figures are prepared and presented in accordance with IFRS Accounting Standards.

Gross loans to customers amounted to NOK 15.5 billion at the end of Q3 2024, an increase of 24.6% compared to Q2 2024. Split on product segments, loans increased by NOK 2,971 million and credit cards increased by NOK 95 million. Adjusted for currency effects, portfolio acquisitions and forward-flow sales, total gross loans increased by 3.0%.

Net interest income amounted to NOK 301.9 million in Q3 2024, up 5.0% compared to Q2 2024.

The yield remained relatively stable at 14.6% (adj. for portfolio acquisitions) for performing consumer loans (14.7% in Q2 2024) while the performing credit card yield declined to 16.8% (17.1%). The yield on deposits remained stable at 3.7% (3.7%). The overall net interest margin remained stable 8.5% in the quarter (8.5%).

Net commissions and fees amounted to NOK 0.0 million in the quarter, down from NOK 7.2 million in the previous quarter. The decrease is chiefly a result of an annual insurance income and contributions from Mastercard in Q2.

Net gains on certificates, bonds and currency were NOK 19.2 million (NOK 10.6 million) as a result of the performance of market-based instruments.

Total income was NOK 321.2 million, up 5.2% from the previous quarter, mainly driven by successful loan portfolio acquisitions towards the end of the quarter as well as strong organic demand.

Total operating expenses were NOK 82.4 million, up from NOK 80.1 million, driven by an increase in reported personnel expenses. The personnel expenses were NOK 32.2 million in the quarter, up from NOK 27.6 million in the previous quarter, impacted by a NOK 3.2 million one-off related to severance packages as additional processes have been automated. As the number of FTEs was 66 by the end of quarter compared to 76 by the end of Q2, the underlying cost base was reduced.

General and administrative expenses including direct marketing expenses were NOK 28.9 million, down from NOK 33.9 million in Q2 2024 due to lower marketing activities during the quarter.

The cost/income ratio was 25.7%, slightly down from 26.3% in the previous quarter. While the acquired loans will have no effect on the Bank's cost levels, they also had limited impact on the income in the quarter as acquisitions were closed late in Q3. Hence, the full effect on cost/income ratio is expected from Q4 2024 and onwards.

Losses on loans amounted to NOK 166.6 million, compared to NOK 157.6 million in Q2 2024. As the gross loan balance increased by NOK 3,065 million during the quarter, the loan loss ratio of 4.8% was 0.3%-points lower than in the previous quarter. The declining loan loss ratio was a result of loan growth stabilizing, the recent acquisitions of mature loan portfolios with relatively low credit risk and the implementation of stricter credit policies after Q2 2023, which are starting to weigh in. The share of loans stemming from the Bank's "high growth phase", which was motivated by a need to reach a certain scale to enable efficient operations and lasted from Q2 2022 to Q1 2023 and, was reduced to 21% by the end of Q3 compared to 33% at year-end 2023. With the rest of the loan portfolio representing lower credit risk, this development has contributed to the loan loss ratio now declining three quarters in a row – a trend that is set to continue.

Additionally, the Bank has experienced early positive results from its initiatives to improve collection processes and observed a generally positive macro development in the Nordics during the quarter.

Profit after tax increased to NOK 54.1 million compared to NOK 50.6 million in the previous quarter. The improvement was driven by solid loan growth, stable costs and higher net gains on market-based instruments.

The return on equity was 9.0% (8.5%).

Total assets as of 30 September 2024 amounted to NOK 17,948 million (compared to NOK 14,840 million as of 31 June 2024). Net loans to customers ended at NOK 14,066 (NOK 11,476 million). Deposits from customers amounted to NOK 15,120 million (NOK 12,179 million). For a period of time the Bank has retained most of its defaulted loans in its loan books, and, as a consequence, the portion of defaulted loans increased to NOK 2,034 million (NOK 1,415 million). However, there are signs of increasing activity in this market as demonstrated by the Bank's post quarter sale of Finnish non-performing loans.

In September, the Bank successfully placed a NOK 100 million Tier 2 bond to optimize its capital structure and allow for further growth.

Total equity was NOK 2,413 million as at 30 September 2024 (NOK 2,364 million). The Bank had a total capital ratio of 21.2% at the end of the quarter (23.0%), and a CET1 ratio of 17.5% (19.6%) driven by loan portfolio acquisitions. The Bank's CET1 ratio requirement decreased to 14.5% from 15.1% in the previous quarter as a result of the geographical composition of the loan balance.

With a CET1 ratio target of 16.5% and a total capital target of 20%, the Bank's capital level provides headroom and support for further growth

Loans and deposits with credit institutions and certificates and bonds amounted to NOK 3,743 million (NOK 3,249 million) corresponding to 20.9% (21.9%) of total assets.

## Development and outlook

Morrow Bank maintains a positive outlook for growth and increased returns in the medium term. The outlook is founded on the Bank having a well-diversified NOK 15.5 billion gross loan book, a continued strong inflow of loan applications, profitable operations, continuous improvements of operational efficiency and exposure to a growing Nordic consumer financing market that has demonstrated strong resilience historically.

During Q3 2024, the Bank had good sales volumes driven by generally benign demand across Finland, Sweden and Norway.

To achieve increased throughput without accepting riskier client segments, the Bank has over the recent years deployed several strategic initiatives – focusing on product performance, process automation and tech simplification. The initiatives related to product performance and process automation have been successfully implemented. The transfer to a new IT platform, which is set to be completed in Q1 2025, is progressing well and will further reduce the cost of IT ownership.

Despite current uncertainties such as the geo-political picture, the macroeconomic outlook for the Nordic region remains robust, supporting a stable environment in the medium term. During Q3, GDP growth improved across the Nordic countries, led by the particularly strong 1.4% quarter on quarter growth in Norway (vs 0.3% growth in the previous quarter). Inflation remained at high levels but continued the declining trend, while unemployment levels were stable in all the countries Morrow Bank operate. For 2024, the market outlook is improving across the Nordics with increased GDP growth driving demand for consumer financing. At the same time, reduced inflation and stable unemployment rates limit credit risk.

Cost inflation has affected personnel costs somewhat throughout 2023 and so far in 2024, but the impact of inflation on overall costs is still expected to be moderate in the near to medium term. Going forward, costs are expected to stabilise around current levels and continued loan growth is set to further drive cost efficiency. Also, salary increases appear to be catching up with the cost inflation and interest rate levels, with positive impact on loan servicing capacity in the public. This, in combination with a declining funding cost driven by lower interest rates, should provide a favourable backdrop for higher risk-adjusted margins going forward.

To maintain and, potentially, improve net interest margins, pricing optimisations are set to continue. In addition, reduced loan losses – reflecting a stricter credit policy implemented in H2 2023, improved collection processes and a maturing loan book – are expected to contribute positively to risk-adjusted margins.

Additionally, Norway is in process to harmonise regulations with the EU, which, if implemented, could lower capital requirements somewhat from 1 January 2025.

During Q3, Morrow Bank acquired and successfully implemented two Swedish consumer loan portfolios. Reflecting a significantly larger loan book, improved credit quality and strong operational performance throughout 2024, the Bank has updated its organic medium-term targets and extended these to year-end 2026 (vs year-end 2025 previously).

Based on the current market outlook and the identified potential for additional improvements, Morrow Bank now targets an annual organic loan balance growth of around 5% (10%), a cost/income ratio of around 23% (26%) and a return on target equity in the range of 12-14% by Q4 2026 (10-12%) based on current regulatory capital requirements.

The Bank will continue to pursue structural opportunities that can further accelerate shareholder value creation. The market for loan transactions has become more active this year as macro has stabilised. Should the opportunity for additional loan acquisitions arise, this could alone bring the return on target equity up a further 1-2%-points by the end of the target period.

A potential redomiciliation to Sweden, which represents the leading cluster for consumer finance in the Nordic region, provides additional upside to the Bank's outlook for long-term value creation. Following a thorough assessment which was concluded in Q3, Morrow Bank has initiated a redomiciliation process by submitting an application for a banking license to the Swedish FSA with a decision expected within six months. Subject to application approval and subsequent corporate actions, Morrow Bank could start operations as a Swedish bank in late 2025 or early 2026 and transfer the listing of its shares to Nasdaq Stockholm. Such a move could improve the Bank's access to talent and competent capital and also reflect the fact that 80% of the loan book is outside of Norway.

With an organic business plan that is set to deliver a return on equity higher than the growth, Morrow Bank is expected to generate excess capital from 2025 and onwards. When allocating excess capital, the Bank has three main options:

- Increase organic growth
- Execute additional loan portfolio acquisitions
- Return profits to shareholders through dividends or share buybacks

While loan portfolio acquisitions have provided the most attractive returns over the past two quarters as this market has become more active, the relative attractiveness of these options can vary over time. Morrow Bank is committed to continuously allocate capital where it can generate the highest long-term shareholder return.

## Risks and uncertainties

Morrow Bank's operations and results are subject to a range of risks and uncertainties. The Bank's framework for managing financial risks is described in the Annual report 2023. Below is a description of selected major risk factors that may affect Morrow Bank, including macroeconomic, reputation, and regulatory risks.

While the war in Ukraine and increased geopolitical tensions and uncertainty have not directly impacted Morrow Bank's business so far, it has contributed to increased macroeconomic uncertainty. Reduced economic growth, increasing unemployment and diminishing savings rates could reduce demand for consumer financing from creditworthy individuals, reduce existing customers' ability to service their loans and limit the Bank's access to capital. Implemented mitigating actions include Morrow Bank's geographical diversification, strengthening of the refinancing offering, and continuous surveillance of risk development in the loan portfolio.

Although rising unemployment rates historically have had the largest negative impact on the consumer finance market, an increased rate of inflation and ensuing higher interest rates may lead to an increased part of Morrow Bank's outstanding loans going into default. While no material impact has been experienced so far, the Bank is continuing to monitor this situation closely.

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

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

Please refer to the Annual Report 2023 for a thorough review of the Bank's corporate governance practices including policies, guidelines and routines related to managing credit risk, operational risk, liquidity risk and market risk. The Bank's Annual Report 2023 is available at [ir.morrowbank.com](http://ir.morrowbank.com).

## Dividend policy

Morrow Bank's dividend policy is to distribute excess capital not allocated to growth to its shareholders.

## Significant events after the balance sheet date

On 18 October, Morrow Bank agreed to sell a part of its non-performing unsecured loans in Finland, representing a gross value of approximately EUR 16 million (NOK ~190 million). The transaction will reduce NPL exposure risk, and hence improve capital ratios. The transaction is expected to close before the end of Q4 2024.

## Related parties

There have not been any transactions with related parties in Q3 2024 that significantly impacted Morrow Bank's financial position or results for the period.

## COMPREHENSIVE INCOME STATEMENT

<i>Amounts in NOK million</i>	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Interest income	2, 6	449.5	352.0	1,268.8	981.8	1,380.0
Interest expenses	2, 6	-147.5	-96.6	-393.0	-239.7	-359.8
<b>Net interest income</b>		<b>301.9</b>	<b>255.4</b>	<b>875.8</b>	<b>742.1</b>	<b>1,020.2</b>
Commission income and fees	2, 6	15.1	13.7	51.0	49.2	62.7
Commission expenses and fees	2, 6	-15.1	-11.4	-43.4	-40.7	-57.6
<b>Net commissions and fees</b>		<b>0.0</b>	<b>2.3</b>	<b>7.6</b>	<b>8.5</b>	<b>5.1</b>
Net gains/(losses) on certificates, bonds and currency		19.2	6.7	39.0	17.2	28.6
<b>Total income</b>		<b>321.2</b>	<b>264.4</b>	<b>922.3</b>	<b>767.8</b>	<b>1,053.9</b>
Personnel expenses		-32.2	-27.4	-87.2	-75.4	-102.3
General and administrative expenses	7	-28.9	-32.6	-98.4	-101.2	-135.3
Other expenses	7	-9.9	-7.2	-25.3	-38.5	-47.6
Depreciation		-11.3	-9.4	-31.8	-25.7	-35.7
<b>Total operating expenses</b>		<b>-82.4</b>	<b>-76.7</b>	<b>-242.7</b>	<b>-240.7</b>	<b>-320.9</b>
Losses on loans	2	-166.6	-140.0	-481.8	-371.3	-526.7
<b>Profit/(loss) before tax</b>		<b>72.1</b>	<b>47.6</b>	<b>197.8</b>	<b>155.7</b>	<b>206.4</b>
Tax expenses		-18.0	-11.9	-49.4	-38.9	-54.5
<b>Profit/(loss) after tax</b>		<b>54.1</b>	<b>35.7</b>	<b>148.3</b>	<b>116.8</b>	<b>151.9</b>
<i>Attributable to</i>						
Shareholders		49.2	31.0	133.8	103.5	133.7
Additional Tier 1 capital investors		4.9	4.7	14.5	13.3	18.2
<b>Profit/(loss) after tax</b>		<b>54.1</b>	<b>35.7</b>	<b>148.3</b>	<b>116.8</b>	<b>151.9</b>
Earnings per share (NOK)		0.21	0.14	0.58	0.49	0.62
Diluted earnings per share (NOK)		0.21	0.13	0.58	0.49	0.61
<b>Comprehensive income</b>						
Profit/(loss) after tax		54.1	35.7	148.3	116.8	151.9
Other comprehensive income		-	-	-	-	-
<b>Comprehensive income for the period</b>		<b>54.1</b>	<b>35.7</b>	<b>148.3</b>	<b>116.8</b>	<b>151.9</b>



## BALANCE SHEET

<i>Amounts in NOK million</i>	Note	30 Sept. 2024	30 Sept. 2023	31 Dec. 2023
Loans and deposits with credit institutions		671.2	1,191.5	1,530.0
Net loans to customers	2	14,066.4	10,664.7	11,076.0
Certificates and bonds		3,071.8	510.9	926.1
Other receivables		52.7	15.9	14.7
Deferred tax asset		-	43.4	29.5
Fixed assets		18.6	22.1	22.0
Intangible assets		67.1	62.3	66.9
<b>Total assets</b>		<b>17,947.8</b>	<b>12,510.8</b>	<b>13,665.2</b>
Deposits from and debt to customers		15,120.0	9,954.2	11,096.0
Other debt		134.3	143.0	125.3
Deferred tax payable		15.1	-	-
Subordinated loans (Tier 2)	5	265.0	165.0	165.0
<b>Total liabilities</b>		<b>15,534.4</b>	<b>10,262.3</b>	<b>11,386.3</b>
Additional Tier 1 capital		199.6	199.6	199.6
Share capital		230.0	229.1	229.4
Share premium		936.9	936.9	936.9
Other paid-in capital		56.4	56.4	56.5
Retained earnings		990.5	826.5	856.7
<b>Total equity</b>		<b>2,413.3</b>	<b>2,248.5</b>	<b>2,278.9</b>
<b>Total liabilities and equity</b>		<b>17,947.8</b>	<b>12,510.8</b>	<b>13,665.2</b>

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 Lysaker, 30 October 2024

Board of Directors and CEO, Morrow Bank ASA

## STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK million</i>	Additional Tier 1 capital	Share capital	Share premium	Other paid- in capital	Retained earnings	Total Equity
<b>Equity as at 1 January 2023</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>
Profit after tax	18.2	-	-	-	133.7	151.9
Share capital increases due to share issue	-	40.4	150.2	-	-	190.6
Share capital increases due to exercised share options	-	1.4	-	-	-	1.4
Changes in equity due to share option programs	-	-	-	0.0	-0.0	-
Net interest paid to additional Tier 1 capital investors	-18.2	-	-	-	-	-18.2
<b>Equity as at 31 December 2023</b>	<b>199.6</b>	<b>229.4</b>	<b>936.9</b>	<b>56.5</b>	<b>856.7</b>	<b>2,278.9</b>
<b>Equity as at 1 January 2024</b>	<b>199.6</b>	<b>229.4</b>	<b>936.9</b>	<b>56.5</b>	<b>856.7</b>	<b>2,278.9</b>
Profit after tax	14.5	-	-	-	133.8	148.3
Share capital increases due to share issue	-	-	-	-	-	-
Share capital increases due to exercised share options	-	0.6	-	-	-	0.6
Changes in equity due to share option programs	-	-	-	-0.0	0.0	-
Net interest paid to additional Tier 1 capital investors	-14.5	-	-	-	-	-14.5
<b>Equity as at 30 September 2024</b>	<b>199.6</b>	<b>230.0</b>	<b>936.9</b>	<b>56.4</b>	<b>990.5</b>	<b>2,413.3</b>

## CASH FLOW STATEMENT

<i>Amounts in NOK million</i>	YTD 2024	YTD 2023	2023
Profit/(loss) before tax	197.8	155.7	206.4
Taxes paid	-	-	-
Depreciation	31.8	25.7	35.7
Change in impairments on loans to customers	763.8	108.9	183.1
Change in gross loans to customers	-3,754.6	-1,662.9	-2,148.4
Effects of currency on loans to customers	303.5	259.8	334.0
Change in deposits from and debt to customers	4,024.1	606.6	1,748.4
Effects of currency on deposits from and debt to customers	-395.6	-361.1	-440.6
Change in certificates and bonds	-2,145.7	1,017.8	617.8
Change in accruals and other adjustments	25.9	-45.9	-63.4
<b>Net cash flow from operating activities</b>	<b>-948.9</b>	<b>104.6</b>	<b>473.0</b>
Payments for investments in fixed assets	-	-2.5	-3.9
Payments for investments in intangible assets	-29.2	-37.0	-48.3
<b>Net cash flow from investing activities</b>	<b>-29.2</b>	<b>-39.5</b>	<b>-52.2</b>
Paid-in equity	-	190.6	190.6
Payment to AT1 capital investors	-19.4	-17.8	-24.3
Net receipts from AT2 capital	100.0	98.0	98.0
Lease payments	-3.8	-4.3	-4.3
Dividend payment	-	-	-
<b>Net cash flow from financing activities</b>	<b>76.9</b>	<b>266.5</b>	<b>260.0</b>
<b>Net cash flow for the period</b>	<b>-901.3</b>	<b>331.7</b>	<b>680.8</b>
Cash and cash equivalents at the start of the period	1,530.0	807.8	807.8
Effects of currency on loans and deposits with credit institutions in the period	42.5	52.0	41.4
<b>Cash and cash equivalents at the end of the period</b>	<b>671.2</b>	<b>1,191.5</b>	<b>1,530.0</b>
<i>Of which:</i>			
Loans and deposits with credit institutions	671.2	1,191.5	1,530.0

## Note 1 – General accounting principles

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

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

## Note 2 – Loans to customers

The Bank is applying forward looking elements for its credit loss model, see the Annual Report 2023 for more information regarding the credit loss model.

There are uncertainties related to the estimates as they are forward looking. As at 30 September 2024, the total loan loss provision related to macroeconomic factors amounted to NOK 29.5 million (30 June 2024: NOK 28.8 million).

### Loans to customers

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Gross loans to customers	15,543.1	11,303.0	11,788.5
Impairment of loans	-1,476.3	-638.3	-712.5
<b>Net loans to customers</b>	<b>14,066.8</b>	<b>10,664.7</b>	<b>11,076.0</b>
<b>Of which;</b>			
Purchased or originated credit-impaired (POCI);			
Gross loans to customers	217.0	-	-
Impairment of loans	-185.7	-	-
<b>Net loans to customers</b>	<b>31.2</b>	<b>-</b>	<b>-</b>

### Defaulted loans

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Gross defaulted loans to customers *	2,033.6	593.0	754.2
Impairment of loans (stage 3)	-955.6	-261.0	-317.6
<b>Net defaulted loans to customers</b>	<b>1,078.0</b>	<b>332.1</b>	<b>436.6</b>
<b>Of which;</b>			
Purchased or originated credit-impaired (POCI);			
Gross defaulted loans to customers	217.0	-	-
Impairment of loans (stage 3)	-185.7	-	-
<b>Net defaulted loans to customers</b>	<b>31.2</b>	<b>-</b>	<b>-</b>

\* Defaulted loans comprise loans that are 91 days or more overdue according to agreed payment schedule, and loans with other indications of unlikelihood to pay. Such loans continue to be considered defaulted regardless of future payment status. As at 30 September 2024, the gross closing balances of customers remaining behind their repayment schedule for three or more consecutive months, but less than 90 days past due) amounted to NOK 331.0 million, with corresponding impairment amounted to NOK 71.6 million (30 June 2023: NOK 288.8 million and NOK 65.3 million). These loans are included in "Gross defaulted loans to customers".

## Information on products and geographical distribution

NO = Norway, FI = Finland, SE = Sweden

Amounts in NOK million

Q3 2024	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	92.3	193.2	95.6	39.9	-	28.5	449.5
Interest expenses	-26.9	-66.5	-43.0	-11.1	-	-0.0	-147.5
<b>Net interest income</b>	<b>65.3</b>	<b>126.7</b>	<b>52.6</b>	<b>28.7</b>	<b>-</b>	<b>28.5</b>	<b>301.9</b>
Commission income and fees	2.1	3.0	2.6	6.3	-	1.2	15.1
Commission expenses and fees	0.0	-0.1	-	-10.0	-	-4.9	-15.1
<b>Net commissions and fees</b>	<b>2.1</b>	<b>2.9</b>	<b>2.6</b>	<b>-3.8</b>	<b>-</b>	<b>-3.7</b>	<b>0.0</b>
Losses on loans	-34.0	-85.3	-34.9	-15.8	-	-	-170.0
<b>Total income incl. loan losses</b>	<b>33.4</b>	<b>47.7</b>	<b>20.2</b>	<b>9.2</b>	<b>-</b>	<b>24.8</b>	<b>131.9</b>
Gross loans to customers	2,515.2	6,416.1	5,540.9	1,070.8	-	-	15,543.1
Impairment of loans	-154.5	-671.5	-569.6	-80.8	-	-	-1,476.3
<b>Net loans to customers</b>	<b>2,360.8</b>	<b>5,744.7</b>	<b>4,971.3</b>	<b>990.0</b>	<b>-</b>	<b>-</b>	<b>14,066.8</b>
<b>Of which;</b>							
Purchased or originated credit-impaired (POCI);							
Gross loans to customers	-	-	217.0	-	-	-	217.0
Impairment of loans	-	-	-185.7	-	-	-	-185.7
<b>Net loans to customers</b>	<b>-</b>	<b>-</b>	<b>31.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31.2</b>

Amounts in NOK million

Q3 2023	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	88.2	139.7	67.4	34.0	8.9	13.9	352.0
Interest expenses	-27.5	-38.5	-21.7	-6.9	-2.0	-	-96.6
<b>Net interest income</b>	<b>60.7</b>	<b>101.3</b>	<b>45.6</b>	<b>27.1</b>	<b>6.9</b>	<b>13.9</b>	<b>255.4</b>
Commission income and fees	2.7	2.6	1.9	6.2	0.3	-	13.7
Commission expenses and fees	0.0	-0.6	-	-9.2	-	-1.5	-11.4
<b>Net commissions and fees</b>	<b>2.7</b>	<b>2.0</b>	<b>1.9</b>	<b>-3.0</b>	<b>0.3</b>	<b>-1.5</b>	<b>2.3</b>
Losses on loans	-3.7	-83.2	-40.2	-7.8	-6.5	-0.0	-141.5
<b>Total income incl. loan losses</b>	<b>59.6</b>	<b>20.0</b>	<b>7.3</b>	<b>16.2</b>	<b>0.7</b>	<b>12.3</b>	<b>116.2</b>
Gross loans to customers	3,163.4	4,597.9	2,520.9	805.3	215.5	-	11,303.0
Impairment of loans	-109.8	-263.2	-184.4	-36.7	-44.2	-	-638.3
<b>Net loans to customers</b>	<b>3,053.6</b>	<b>4,334.7</b>	<b>2,336.5</b>	<b>768.6</b>	<b>171.3</b>	<b>-</b>	<b>10,664.7</b>

Amounts in NOK million

YTD 2024	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	281.3	553.3	256.3	114.3	-	63.6	1,268.8
Interest expenses	-82.0	-181.3	-99.4	-30.3	-	-0.1	-393.0
<b>Net interest income</b>	<b>199.3</b>	<b>372.0</b>	<b>157.0</b>	<b>84.0</b>	<b>-</b>	<b>63.5</b>	<b>875.8</b>
Commission income and fees	6.7	9.0	7.0	17.3	-	11.0	51.0
Commission expenses and fees	0.0	-0.1	-	-28.9	-	-14.4	-43.4
<b>Net commissions and fees</b>	<b>6.7</b>	<b>8.9</b>	<b>7.0</b>	<b>-11.6</b>	<b>-</b>	<b>-3.4</b>	<b>7.6</b>
Losses on loans	-71.9	-289.0	-78.0	-46.4	-	-	-481.8
<b>Total income net of losses on loans</b>	<b>134.1</b>	<b>91.9</b>	<b>86.0</b>	<b>26.1</b>	<b>-</b>	<b>60.1</b>	<b>401.5</b>
Gross loans to customers	2,515.2	6,416.1	5,540.9	1,070.8	-	-	15,543.1
Impairment of loans	-154.5	-671.5	-569.6	-80.8	-	-	-1,476.3
<b>Net loans to customers</b>	<b>2,360.8</b>	<b>5,744.7</b>	<b>4,971.3</b>	<b>990.0</b>	<b>-</b>	<b>-</b>	<b>14,066.8</b>
<b>Of which;</b>							
Purchased or originated credit-impaired (POCI);							
Gross loans to customers	-	-	217.0	-	-	-	217.0
Impairment of loans	-	-	-185.7	-	-	-	-185.7
<b>Net loans to customers</b>	<b>-</b>	<b>-</b>	<b>31.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31.2</b>

Amounts in NOK million

YTD 2023	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	264.0	373.3	190.3	94.3	33.0	26.8	981.8
Interest expenses	-73.0	-88.7	-55.0	-16.6	-6.5	-	-239.7
<b>Net interest income</b>	<b>191.0</b>	<b>284.7</b>	<b>135.4</b>	<b>77.8</b>	<b>26.5</b>	<b>26.8</b>	<b>742.1</b>
Commission income and fees	8.7	6.9	5.8	24.0	1.2	2.5	49.2
Commission expenses and fees	0.0	-1.6	-	-33.7	-	-5.4	-40.7
<b>Net commissions and fees</b>	<b>8.7</b>	<b>5.4</b>	<b>5.8</b>	<b>-9.7</b>	<b>1.2</b>	<b>-2.9</b>	<b>8.5</b>
Losses on loans	-10.0	-215.4	-114.4	-22.9	-8.6	-0.0	-371.3
<b>Total income net of losses on loans</b>	<b>189.7</b>	<b>74.6</b>	<b>26.8</b>	<b>45.2</b>	<b>19.0</b>	<b>23.9</b>	<b>379.3</b>
Gross loans to customers	3,163.4	4,597.9	2,520.9	805.3	215.5	-	11,303.0
Impairment of loans	-109.8	-263.2	-184.4	-36.7	-44.2	-0.0	-638.3
<b>Net loans to customers</b>	<b>3,053.6</b>	<b>4,334.7</b>	<b>2,336.5</b>	<b>768.6</b>	<b>171.3</b>	<b>-0.0</b>	<b>10,664.7</b>

Amounts in NOK million

Full year 2023	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	361.0	540.2	269.4	129.9	35.6	44.1	1,380.0
Interest expenses	-104.2	-141.0	-81.9	-25.5	-7.2	-	-359.8
<b>Net interest income</b>	<b>265.8</b>	<b>410.9</b>	<b>194.4</b>	<b>106.5</b>	<b>29.0</b>	<b>13.4</b>	<b>1,020.2</b>
Commission income and fees	11.2	9.6	7.7	30.4	1.2	2.6	62.7
Commission expenses and fees	0.0	-3.7	-	-47.0	-	-6.9	-57.6
<b>Net commissions and fees</b>	<b>11.2</b>	<b>5.9</b>	<b>7.7</b>	<b>-16.7</b>	<b>1.2</b>	<b>-4.3</b>	<b>5.1</b>
Losses on loans	-20.4	-317.8	-151.2	-35.4	-2.0	0.0	-526.7
<b>Total income incl. loan losses</b>	<b>256.7</b>	<b>99.1</b>	<b>50.9</b>	<b>54.4</b>	<b>28.2</b>	<b>9.2</b>	<b>498.6</b>
Gross loans to customers	3,018.7	5,184.7	2,700.3	884.7	-	-	11,788.5
Impairment of loans	-102.1	-366.7	-195.0	-48.7	-	-	-712.5
<b>Net loans to customers</b>	<b>2,916.6</b>	<b>4,818.0</b>	<b>2,505.3</b>	<b>836.0</b>	<b>-</b>	<b>-</b>	<b>11,076.0</b>

## Reconciliation of gross loans to customers

### Q3 2024

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>9,992.2</b>	<b>1,069.7</b>	<b>1,415.9</b>	<b>12,477.9</b>
Transfer from stage 1 to stage 2	-727.2	727.2	-	-
Transfer from stage 1 to stage 3	-123.0	-	123.0	-
Transfer from stage 2 to stage 3	-	-309.9	309.9	-
Transfer from stage 3 to stage 2	-	34.5	-34.5	-
Transfer from stage 2 to stage 1	381.0	-381.0	-	-
Transfer from stage 3 to stage 1	27.6	-	-27.6	-
New assets	3,297.5	82.2	220.7	3,600.4
Assets derecognized	-556.1	-5.8	26.3	-535.6
<b>Closing balance</b>	<b>12,292.0</b>	<b>1,216.9</b>	<b>2,033.6</b>	<b>15,542.6</b>
<b>Of which;</b>				
Purchased or originated credit-impaired (POCI);	-	-	217.0	217.0
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>217.0</b>	<b>217.0</b>

### Q3 2023

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>9,973.8</b>	<b>914.0</b>	<b>226.1</b>	<b>11,113.9</b>
Transfer from stage 1 to stage 2	-400.3	400.3	-	-
Transfer from stage 1 to stage 3	-98.1	-	98.1	-
Transfer from stage 2 to stage 3	-	-160.8	160.8	-
Transfer from stage 3 to stage 2	-	38.4	-38.4	-
Transfer from stage 2 to stage 1	171.2	-171.2	-	-
Transfer from stage 3 to stage 1	10.4	-	-10.4	-
New assets	1,451.2	58.0	6.4	1,515.6
Assets derecognized	-1,280.6	-196.3	150.5	-1,326.5
<b>Closing balance</b>	<b>9,827.6</b>	<b>882.4</b>	<b>593.0</b>	<b>11,303.0</b>

### YTD 2024

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>10,014.4</b>	<b>1,019.9</b>	<b>754.2</b>	<b>11,788.5</b>
Transfer from stage 1 to stage 2	-1,666.3	1,666.3	-	-
Transfer from stage 1 to stage 3	-363.4	-	363.4	-
Transfer from stage 2 to stage 3	-	-920.5	920.5	-
Transfer from stage 3 to stage 2	-	161.5	-161.5	-
Transfer from stage 2 to stage 1	735.6	-735.6	-	-
Transfer from stage 3 to stage 1	48.7	-	-48.7	-
New assets	6,072.7	144.3	235.7	6,136.8
Assets derecognized	-2,549.8	-118.8	-30.0	-2,382.7
<b>Closing balance</b>	<b>12,292.0</b>	<b>1,216.9</b>	<b>2,033.6</b>	<b>15,542.6</b>
<b>Of which;</b>				
Purchased or originated credit-impaired (POCI);	-	-	217.0	217.0
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>217.0</b>	<b>217.0</b>

### YTD 2023

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>8,491.2</b>	<b>719.2</b>	<b>429.7</b>	<b>9,640.1</b>
Transfer from stage 1 to stage 2	-1,121.7	1,121.7	-	-
Transfer from stage 1 to stage 3	-433.3	-	433.3	-
Transfer from stage 2 to stage 3	-	-357.6	357.6	-
Transfer from stage 3 to stage 2	-	127.2	-127.2	-
Transfer from stage 2 to stage 1	502.8	-502.8	-	-
Transfer from stage 3 to stage 1	29.6	-	-29.6	-
New assets	4,477.6	156.3	-268.6	4,365.3
Assets derecognized	-2,118.7	-381.6	-202.1	-2,702.4
<b>Closing balance</b>	<b>9,827.5</b>	<b>882.4</b>	<b>593.1</b>	<b>11,303.0</b>

**2023**
*Amounts in NOK million*

	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	<b>8,491.2</b>	<b>719.2</b>	<b>429.7</b>	<b>9,640.1</b>
Transfer from stage 1 to stage 2	-1,529.8	1,529.8	-	-
Transfer from stage 1 to stage 3	-555.3	-	555.3	-
Transfer from stage 2 to stage 3	-	-601.0	601.0	-
Transfer from stage 3 to stage 2	-	176.6	-176.6	-
Transfer from stage 2 to stage 1	655.0	-655.0	-	-
Transfer from stage 3 to stage 1	44.2	-	-44.2	-
New assets	6,126.2	268.2	-258.2	6,136.1
Assets derecognized	-3,151.8	-483.2	-352.8	-3,987.7
<b>Closing balance</b>	<b>10,079.6</b>	<b>954.7</b>	<b>754.2</b>	<b>11,788.5</b>

**Reconciliation of impairment of loans**
**Q3 2024**
*Amounts in NOK million*

	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at quartal</b>	<b>222.7</b>	<b>176.1</b>	<b>603.5</b>	<b>1,002.4</b>
Transfer from stage 1 to stage 2	-18.1	18.1	-	-
Transfer from stage 1 to stage 3	-3.1	-	3.1	-
Transfer from stage 2 to stage 3	-	-62.5	62.5	-
Transfer from stage 3 to stage 2	-	8.4	-8.4	-
Transfer from stage 2 to stage 1	57.6	-57.6	-	-
Transfer from stage 3 to stage 1	4.4	-	-4.4	-
New financial assets originated	121.3	7.2	185.1	313.6
Increased expected credit loss	20.5	67.5	118.3	206.3
Assets derecognized	-3.3	-2.9	-10.1	-16.3
Decreased expected credit loss	-40.4	-10.4	-13.6	-64.4
Exchange rate movements	-44.5	51.5	-0.6	6.3
Macroeconomic model changes	-3.0	-2.5	-1.0	-6.5
Other changes	8.1	5.5	21.3	34.8
<b>Closing balance</b>	<b>322.2</b>	<b>198.5</b>	<b>955.6</b>	<b>1,476.2</b>
<b>Of which;</b>				
Purchased or originated credit-impaired (POCI);	-	-	185.7	185.7
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>185.7</b>	<b>185.7</b>

**Q3 2023**
*Amounts in NOK million*

	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at quartal</b>	<b>213.4</b>	<b>166.2</b>	<b>210.9</b>	<b>590.5</b>
Transfer from stage 1 to stage 2	-15.8	15.8	-	-
Transfer from stage 1 to stage 3	-3.1	-	3.1	-
Transfer from stage 2 to stage 3	-	-31.4	31.4	-
Transfer from stage 3 to stage 2	-	8.0	-8.0	-
Transfer from stage 2 to stage 1	30.6	-30.6	-	-
Transfer from stage 3 to stage 1	2.3	-	-2.3	-
New financial assets originated	24.2	7.0	0.4	31.6
Increased expected credit loss	11.8	58.5	73.5	143.8
Assets derecognized	-3.1	-23.6	-43.6	-70.3
Decreased expected credit loss	-44.0	-6.0	-4.9	-54.9
Exchange rate movements	14.8	-12.1	4.3	7.0
Macroeconomic model changes	2.0	1.4	0.6	3.9
Other changes	-5.0	-3.8	-4.5	-13.2
<b>Closing balance</b>	<b>228.0</b>	<b>149.3</b>	<b>261.0</b>	<b>638.3</b>

**YTD 2024**

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at year</b>	<b>230.9</b>	<b>164.0</b>	<b>317.6</b>	<b>712.5</b>
Transfer from stage 1 to stage 2	-40.3	40.3	-	-
Transfer from stage 1 to stage 3	-9.1	-	9.1	-
Transfer from stage 2 to stage 3	-	-188.2	188.2	-
Transfer from stage 3 to stage 2	-	34.9	-34.9	-
Transfer from stage 2 to stage 1	110.5	-110.5	-	-
Transfer from stage 3 to stage 1	6.7	-	-6.7	-
New financial assets originated	160.9	21.2	185.6	367.8
Increased expected credit loss	37.8	233.9	356.9	628.6
Assets derecognized	-9.9	-11.0	-34.9	-55.8
Decreased expected credit loss	-114.7	-29.6	-37.5	-181.9
Exchange rate movements	-53.7	42.5	-6.7	-17.9
Macroeconomic model changes	-6.2	-5.0	-1.9	-13.1
Other changes	9.2	6.1	20.7	36.1
<b>Closing balance</b>	<b>322.2</b>	<b>198.5</b>	<b>955.6</b>	<b>1,476.2</b>
<b>Of which;</b>				
Purchased or originated credit-impaired (POCI);	-	-	185.7	185.7
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>185.7</b>	<b>185.7</b>

**YTD 2023**

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at year</b>	<b>205.5</b>	<b>128.9</b>	<b>195.0</b>	<b>529.4</b>
Transfer from stage 1 to stage 2	-39.1	39.1	-	-
Transfer from stage 1 to stage 3	-82.6	-	82.6	-
Transfer from stage 2 to stage 3	-	-75.9	75.9	-
Transfer from stage 3 to stage 2	-	26.4	-26.4	-
Transfer from stage 2 to stage 1	83.2	-82.6	-0.7	-
Transfer from stage 3 to stage 1	27.4	-22.0	-5.4	-
New financial assets originated	205.6	27.1	7.2	239.9
Increased expected credit loss	13.8	209.6	154.1	377.5
Assets derecognized	-63.8	-74.8	-221.3	-359.8
Decreased expected credit loss	-125.1	-21.3	-12.1	-158.4
Exchange rate movements	-4.7	-10.4	7.0	-8.1
Macroeconomic model changes	2.0	1.4	0.6	3.9
Other changes	5.7	3.7	4.4	13.8
<b>Closing balance</b>	<b>228.0</b>	<b>149.3</b>	<b>261.0</b>	<b>638.3</b>

**2023**

<i>Amounts in NOK million</i>	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance at year</b>	<b>205.5</b>	<b>128.9</b>	<b>195.0</b>	<b>529.4</b>
Transfer from stage 1 to stage 2	-48.8	48.8	-	-
Transfer from stage 1 to stage 3	-85.7	-	85.7	0.0
Transfer from stage 2 to stage 3	-	-125.2	125.2	-
Transfer from stage 3 to stage 2	-	39.0	-39.0	-
Transfer from stage 2 to stage 1	106.8	-106.8	-	0.0
Transfer from stage 3 to stage 1	9.9	-	-9.9	0.0
New financial assets originated	229.6	40.4	9.3	279.4
Increased expected credit loss	51.3	266.8	216.4	534.5
Assets derecognized	-67.4	-84.8	-248.1	-400.4
Decreased expected credit loss	-162.5	-30.8	-22.2	-215.6
Exchange rate movements	-10.4	-14.4	-0.6	-25.5
Macroeconomic model changes	2.0	1.4	0.6	3.9
Other changes	0.7	0.7	5.3	6.8
<b>Closing balance</b>	<b>231.0</b>	<b>164.0</b>	<b>317.6</b>	<b>712.5</b>

**Losses on loans**

<i>Amounts in NOK million</i>	Q3 2024	Q2 2023	YTD 2024	YTD 2023	2023
+/- Losses stage 1 and stage 2, movement	11.3	3.0	36.8	43.4	67.3
+/- Losses stage 3, movement	144.8	46.6	437.4	17.7	130.8
Other effects (NPL, sales parameter updates etc.)	10.5	90.4	7.6	170.3	328.5
<b>Losses on loans</b>	<b>166.6</b>	<b>140.0</b>	<b>481.8</b>	<b>231.4</b>	<b>526.7</b>



## Note 3 – Capital adequacy

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Book equity	2,413.3	2,248.5	2,278.9
Additional Tier 1 capital	-199.6	-199.6	-199.6
<b>Additions:</b>			
Phase-in effect of IFRS 9	38.4	78.2	84.8
<b>Deductions:</b>			
Additional value adjustment (AVA)	-3.1	-0.5	-0.9
Other equity not included in core capital (Foreseeable dividends)	-	-11.6	-15.1
Deferred tax assets and other intangible assets and deductions	-67.1	-105.7	-96.4
<b>Common equity Tier 1</b>	<b>2,182.0</b>	<b>2,009.3</b>	<b>2,051.6</b>
Additional Tier 1 capital	199.6	199.6	199.6
<b>Core capital</b>	<b>2,381.5</b>	<b>2,208.8</b>	<b>2,251.2</b>
Subordinated loans (Tier 2)	265.0	165.0	165.0
<b>Total capital</b>	<b>2,646.5</b>	<b>2,373.8</b>	<b>2,416.2</b>

### Capital excluding phase-in effects of IFRS 9

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Common equity Tier 1 excluding phase-in effect of IFRS 9	2,143.6	1,931.1	1,966.8
Core capital excluding phase-in effect of IFRS 9	2,343.1	2,130.6	2,166.4
Total capital excluding phase-in effect of IFRS 9	2,608.1	2,295.6	2,331.4

### Calculation basis

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Loans and deposits with credit institutions	134.2	238.3	306.0
Loans to retail customers and IFRS 9 phase-in effect	10,854.3	8,148.2	8,489.2
Covered bonds	33.2	3.0	40.8
Other assets	71.3	38.0	36.7
<b>Calculation basis credit risk</b>	<b>11,093.0</b>	<b>8,427.5</b>	<b>8,872.6</b>
Calculation basis operational risk (standardized approach)	1,365.6	1,388.9	1,365.6
<b>Total calculation basis</b>	<b>12,458.7</b>	<b>9,816.4</b>	<b>10,238.2</b>

**Total calculation basis excluding phase-in effect of IFRS 9** 12,423.6 9,749.7 10,165.2

	30 Sept 2024	30 Sept 2023	31 Dec. 2023
<b>Capital ratios including phase-in effect of IFRS 9</b>			
Common equity tier 1 (%)	17.5 %	20.5 %	20.0 %
Core capital (%)	19.1 %	22.5 %	22.0 %
Total capital (%)	21.2 %	24.2 %	23.6 %

	30 Sept 2024	30 Sept 2023	31 Dec. 2023
<b>Capital ratios excluding phase-in effect of IFRS 9</b>			
Common equity tier 1 (%)	17.3 %	19.8 %	19.3 %
Core capital (%)	18.9 %	21.9 %	21.3 %
Total capital (%)	21.0 %	23.5 %	22.9 %

IFRS 9 implementation will be fully phased in from 1 January 2025.

The LCR (Liquidity Coverage Ratio) was 528% and the NSFR (Net Stable Funding Ratio) was 128% as at 30 September 2024. As at 31 December 2023 the LCR was 310% and the NSFR was 125%.

## Note 4 - Financial instruments

### Financial instruments at fair value

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Certificates and bonds - level 1	-	175.0	175.0
Certificates and bonds - level 2	3,071.8	335.8	751.1
<b>Total financial instruments at fair value</b>	<b>3,071.8</b>	<b>510.9</b>	<b>926.1</b>

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

For further description of the financial instruments and levels, see Annual Report 2023.

### Financial instruments at amortised cost

<i>Amounts in NOK million</i>	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Loans and deposits with credit institutions	671.2	1,191.5	1,530.0
Net loans to customers	14,066.4	10,664.7	11,076.0
Other receivables	36.9	0.7	9.2
<b>Total financial assets measured at amortised cost</b>	<b>14,774.4</b>	<b>11,856.9</b>	<b>12,615.2</b>
Deposits from and debt to customers	15,120.0	9,954.2	11,096.0
Other debt	37.6	46.6	42.6
Subordinated loans (Tier 2)	265.0	165.0	165.0
<b>Total financial liabilities measured at amortised cost</b>	<b>15,422.7</b>	<b>10,165.8</b>	<b>11,303.5</b>

## Note 5 - Subordinated loans

<i>Amounts in NOK million</i>	Issue date	Maturity date	30 Sept 2024	30 Sept 2023	31 Dec. 2023
Subordinated loan (ISIN NO0010941131)	3 March.2021	4 March.2031	65.0	65.0	65.0
Subordinated loan (ISIN NO0012909235)	11 May 2023	11 May 2033	100.0	100.0	100.0
Subordinated loan (ISIN NO0013333401)	19 Sept 2024	19 Sept 2034	100.0	-	-
<b>Total subordinated loans</b>			<b>265.0</b>	<b>165.0</b>	<b>165.0</b>

For further description of the subordinated loan, see <https://ir.morrowbank.com/funding>

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

Amounts in NOK million	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Interest income from loans to customers	419.7	338.1	1,200.7	955.0	1,335.9
<i>of which sales commissions to agents</i>	-40.2	-47.4	-142.2	-139.5	-186.0
Interest income from loans and deposits with credit institutions	29.7	13.9	68.1	26.8	44.1
<b>Total interest income calculated using the effective interest rate method</b>	<b>449.5</b>	<b>352.0</b>	<b>1,268.8</b>	<b>981.8</b>	<b>1,380.0</b>
Other interest income	-	-	-	-	-
<b>Total interest income</b>	<b>449.5</b>	<b>352.0</b>	<b>1,268.8</b>	<b>981.8</b>	<b>1,380.0</b>
Interest expense from deposit customers	-122.1	-73.5	-330.6	-186.5	-288.5
Interest expense from subordinated loan (Tier 2)	-5.1	-4.8	-14.4	-9.3	-14.2
Other interest expenses and similar expenses	-20.3	-18.3	-48.0	-43.9	-57.1
<b>Total interest expenses</b>	<b>-147.5</b>	<b>-96.6</b>	<b>-393.0</b>	<b>-239.7</b>	<b>-359.8</b>
<b>Net interest income</b>	<b>301.9</b>	<b>255.4</b>	<b>875.8</b>	<b>742.1</b>	<b>1,020.2</b>
Insurance services	10.7	10.2	31.7	30.5	40.6
Other fees and commissions and bank services income	4.4	3.5	19.3	18.7	22.1
<b>Total income commissions and fees</b>	<b>15.1</b>	<b>13.7</b>	<b>51.0</b>	<b>49.2</b>	<b>62.7</b>
Provisions to other bank connections	-1.4	-1.2	-4.3	-4.4	-5.8
Other expenses commissions and fees	-13.6	-10.2	-39.2	-36.3	-51.8
<b>Total expenses commissions and fees</b>	<b>-15.1</b>	<b>-11.4</b>	<b>-43.4</b>	<b>-40.7</b>	<b>-57.6</b>
<b>Net commissions and fees</b>	<b>0.0</b>	<b>2.3</b>	<b>7.6</b>	<b>8.5</b>	<b>5.1</b>

## Note 7 – General administrative expenses and other expenses

Amounts in NOK million	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Direct marketing expenses	-2.0	-5.4	-13.5	-15.3	-22.6
IT-expenses	-12.8	-11.3	-40.0	-37.1	-61.3
Other general administrative expenses	-14.1	-15.9	-44.8	-48.8	-51.3
<b>Total general and administrative expenses</b>	<b>-28.9</b>	<b>-32.6</b>	<b>-98.4</b>	<b>-101.2</b>	<b>-135.3</b>
Insurance	-0.3	-0.4	-0.7	-1.4	-1.8
External audit and related services	-0.6	-0.7	-1.9	-2.3	-3.0
Other consultants	-6.9	-4.7	-17.8	-24.4	-30.0
Other expenses	-2.2	-1.4	-5.0	-10.4	-12.7
<b>Total other expenses</b>	<b>-9.9</b>	<b>-7.2</b>	<b>-25.3</b>	<b>-38.5</b>	<b>-47.6</b>

## Note 8 – Subsequent events

On 18 October 2024 Morrow Bank entered into an agreement to sell a part of the bank's non-performing unsecured loans (NPL) in Finland, representing a gross booked value of approximately EUR 16 million. The transaction includes the oldest portion of Morrow Bank's non-performing loans in Finland. The transaction is expected to close before the end of Q4 2024.