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Interim report

SECOND QUARTER AND FIRST HALF YEAR
2024

Q2 2024 highlights: Profit before tax of NOK 67 million, increased ROE and accelerated value creation

Solid growth in most profitable markets

- Gross loan growth of 1.9% from Q1 2024, continued solid growth in Finland and Sweden
- Stable yields on performing loans and deposits
- Total income up 3.1% to NOK 305 million, positively impacted by commissions income and fees

Stable costs and credit risk

- Operating expenses remained stable, cost/income ratio at industry-leading 26% (27%)
- Loan loss ratio at 5.1% (5.2%), credit risk continued to develop positively

Increased profitability, organically and structurally

- Profit before tax of NOK 67 million (NOK 58 million) and profit after tax of NOK 51 million (NOK 44 million)
- ROE (return on equity) of 8.5% (7.4%) and ROTE (return on target equity) of 9.7% (8.4%)
- Agreed to acquire SEK ~700 million (NOK ~700 million) Swedish consumer loan portfolio and closed transaction in July – in line with strategy to pursue structural opportunities that can accelerate value creation
 - Expected positive effect on profitability from 2025 and onwards

On track for 2025 targets

- Year-end organic 2025 targets maintained at ~10% annualised loan growth, cost/income ratio of ~26% and ROTE (return on target equity) of 10-12%
 - With a NOK 4-5 billion loan balance increase, ROTE could increase to 12-14%
 - With capital requirements similar to Swedish peers, ROTE could reach 15-20%

Comment from the CEO, Øyvind Oanes:

“Following a successful turnaround, we have exceeded our 2024 targets by improving our core banking processes and streamlining our operations. In Q2 2024, Morrow Bank continued its positive development from the recent quarters, with solid underlying growth and operational performance.

With a positive macro-outlook in the Nordics, we will continue to grow in the most profitable markets while keeping costs stable. The loan loss ratio has started to decline and is set to continue declining – driving the Bank’s profitability and returns up.

Our cost-efficiency and scalability enable us to look at inorganic growth opportunities to improve returns further. Such opportunities have been surfacing more often recently mainly due to a more stable market for Nordic consumer finance – making it easier for buyers and sellers to meet. The transaction market is

also partly driven by strategic shifts, as was the case with Qliro AB from which we agreed to acquire a SEK ~700 million portfolio of performing loans in June with closing in August. Due to the high degree of automation and self-service across Morrow Bank's services, the acquisition will not impact the Bank's cost levels.

As such, we will continue pursuing relevant structural opportunities to leverage the scalability of our platform and accelerate value creation beyond the organic."

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 Bank's offering throughout the entire European Economic Area (EEA).

Financial figures for Q2 2024

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

Gross loans to customers amounted to NOK 12.5 billion at the end of Q2 2024, an increase of 1.9% compared to Q1 2024. Split on product segments, loans increased by NOK 206 million and credit cards increased by NOK 31 million. Adjusted for currency effects and forward-flow sales, total gross loans increased by 2.5%.

Net interest income amounted to NOK 287.4 million in Q2 2024, up 0.4% compared to Q1 2024.

The yield remained relatively stable at 14.7% for performing consumer loans (14.8% in Q1 2024) while the performing credit card yield declined to 17.1% (17.5%). The yield on deposits remained stable at 3.7%. The overall net interest margin was 8.5% in the quarter (8.8%). The decrease was mainly caused by a NOK 267 million or 9% increase in liquid assets, where the net margin is low (40BP) as the Bank is building liquidity reserves for settling the Swedish portfolio purchase.

Net commissions and fees amounted to NOK 7.2 million in the quarter, up from NOK 0.4 million in the previous quarter. The increase is chiefly a result of annual insurance income and contributions from Mastercard, and hence the next quarter will be lower.

Net gains on certificates, bonds and currency were NOK 10.6 million (NOK 9.1 million) as a result of the performance of market-based instruments.

Total income was NOK 305.2 million, up 3.1% from the previous quarter, mainly driven by net commissions and fees.

Total operating expenses were NOK 80.1 million, level with the previous quarter.

Personnel expenses increased to NOK 27.6 million in the quarter from NOK 27.4 million in the previous quarter, which also includes annual salary increases effective as of May 2024. The number of FTEs was 76 at the end of the quarter vs. 75 at the end of Q1 2024.

General and administrative expenses including direct marketing expenses were NOK 33.9 million, down from NOK 35.6 million in Q1 2024.

The cost/income ratio was 26%, down from 27% in Q1 2024.

Losses on loans amounted to NOK 157.6 million, virtually unchanged compared to Q1 2024 (NOK 157.5 million). As the gross loan balance increased by NOK 235 million during the quarter the loan loss ratio of 5.1% was 0.1%p lower than in the previous quarter. The declining loan loss ratio was a result of loan growth stabilising and the implementation of stricter credit policies after Q2 2023, which are starting to weigh in. Additionally, the Bank has experienced early positive results from its initiatives to improve collection processes. While the macro-outlook is positive across the Nordics, these improvements were partly offset by somewhat adverse macro development in the quarter as interest rates in the Nordics remained higher for longer than previously anticipated by the market. After the quarter, market expectations for interest rate trajectories have generally come down.

Underlying credit quality was stable in the quarter, with a 10-15% lower risk for newer loans acquired after the stricter credit policies were implemented.

Profit after tax increased to NOK 50.6 million compared to NOK 43.7 million in the previous quarter. The improvement was driven by solid loan growth, stable costs and higher commissions and fees.

The return on equity was 8.5% (7.4%).

Total assets as of 30 June 2024 amounted to NOK 14,840 million (compared to NOK 14,501 million as of 31 March 2024). Net loans to customers ended at NOK 11,476 million (NOK 11,373 million). Deposits from customers amounted to NOK 12,179 million (NOK 11,857 million). The Bank is no longer selling but retaining most of its defaulted loans on our books. As a consequence, the portion of defaulted loans has increased to NOK 1,375 million (NOK 1,139 million).

Total equity was NOK 2,365 million as of 30 June 2024 (NOK 2,318 million). The Bank had a total capital ratio of 23.0% by the end of the quarter (22.7%), and a CET1 ratio of 19.6% (19.3%) driven by profit generation exceeding growth. The Bank's CET1 ratio requirement decreased to 15.1% from 15.8% in the previous quarter as a result of adjustments to the Norwegian and Finnish regulatory capital requirements.

In an updated assessment of the Supervisory Review and Evaluation Process (SREP) for risks and capital needs for Morrow Bank, the Financial Supervisory Authority of Norway (NFSA) decided that the Pillar 2 requirements shall be reduced from 6.5% to 5.4% of the total risk exposure amount. 100% of

the requirement must be covered with Core Equity Tier 1 (CET1). The NFSA also expects Morrow Bank to have a capital buffer (Pillar 2 guidance) in the form of CET1 of 2.0% of the total risk exposure amount. The new requirements were effective as of 30 June 2024. Additionally, the Finnish systemic risk buffer requirement from 0 % to 1.0%, also effective as of 30 June.

With a lower CET1 ratio and a stable total capital requirement at ~17%, the Bank's capital level provides ample headroom and support for growth.

Loans and deposits with credit institutions and certificates and bonds amounted to NOK 3,248 million (NOK 2,982 million) corresponding to 21.9% (20.6%) 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 12.5 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 Q2 2024, the Bank had good sales volumes driven by generally benign market demand in all markets.

To achieve increased throughput without accepting riskier client segments, the Bank has over the past two 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 while 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 Q2, GDP growth was weak across the Nordic countries, however improving in Norway, Sweden and Finland. Inflation was high but declining, while unemployment levels were stable across the Nordics. For 2024, the market outlook is improving across the Nordics with increased GDP growth driving demand for consumer financing while reduced inflation and stable unemployment rates limit credit risk.

Cost inflation has affected personnel costs somewhat throughout 2023 and in H1 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 are now starting to catch up with the cost inflation and interest rate levels, which is expected to improve liquidity and loan servicing capacity in the public. Eventually, the Bank should be able to improve its margins as the funding cost is foreseen to decrease as the interest level in the Nordics continues to decrease.

Pricing optimisations are set to continue going forward to maintain net interest margins around current levels, while reduced loan losses – reflecting a stricter credit policy implemented in H2 2023, improved collection processes and a maturing loan book – are expected to drive risk-adjusted margins.

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

Based on continued organic improvements, Morrow Bank targets an annual loan balance growth of around 10%, a cost/income ratio of around 26% and a ROE in the 10-12% range by Q4 2025 based on current regulatory capital requirements.

With a NOK 4-5 billion loan balance increase, return on target equity (ROTE) could increase to 12-14%. With capital requirements similar to Swedish peers, Morrow Bank's Q4 2025 ROTE could increase to 15-20%.

The market for loan transactions has become more active this year as markets have stabilised, and in early July Morrow Bank agreed on an acquisition of a SEK 700 million portfolio of performing loans from Qliro AB. The acquisition was done at a 2% premium compared to the loan value, making it a cost-effective way for the Bank to grow its loan balance and leverage its scalable banking platform. Preliminary estimates indicate that the transaction will have a neutral impact on 2024 results and a positive impact from 2025 onwards. The transaction was fully covered by the Bank's available liquidity and capital.

The Bank will continue to pursue structural opportunities to leverage its scalable platform and accelerate value creation.

Management considers its current business plan to be fully funded for future operations and foreseen development.

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 in the remaining six months of 2024, 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 monitoring 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.

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

In July 2024 Morrow Bank agreed on an acquisition of a SEK 700 million portfolio of performing loans from Qliro AB. The transaction was fully covered by the Bank's available liquidity and capital.

Related parties

There have not been any transactions with related parties in Q2 2024 that significantly impacted Morrow Bank's financial position or results for the period.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the period 1 January to 30 June 2024 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 financial review 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 for the remaining six months of 2024.

Stig Eide Sivertsen
Chair

Bodil Palma Hollingsæter
Vice Chair

Anna-Karin Østlie
Member of the board

Kristian Huseby
Member of the board

Thomas Bjørnstad
Member of the board

Henning Fagerbakke
Member of the board

Iiril Renshus
Member of the board

Øyvind Oanes
CEO

COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	Q2 2024	Q2 2023	H1 2024	H1 2023	2023
Interest income	2, 6	410.8	337.2	819.4	629.8	1,380.0
Interest expenses	2, 6	-123.4	-80.0	-245.5	-143.1	-359.8
Net interest income		287.4	257.1	573.9	486.8	1,020.2
Commission income and fees	2, 6	22.0	22.2	35.9	35.5	62.7
Commission expenses and fees	2, 6	-14.8	-16.7	-28.3	-29.3	-57.6
Net commissions and fees		7.2	5.5	7.5	6.2	5.1
Net gains/(losses) on certificates, bonds and currency		10.6	6.2	19.7	10.5	28.6
Total income		305.2	268.8	601.1	503.5	1,053.9
Personnel expenses		-27.6	-23.5	-55.0	-47.9	-102.3
General and administrative expenses	7	-33.9	-34.7	-69.4	-68.6	-135.3
Other expenses	7	-8.0	-15.7	-15.4	-31.2	-47.6
Depreciation		-10.7	-8.8	-20.5	-16.2	-35.7
Total operating expenses		-80.1	-82.7	-160.3	-164.0	-320.9
Losses on loans	2	-157.6	-131.2	-315.2	-231.4	-526.7
Profit/(loss) before tax		67.4	55.0	125.7	108.1	206.4
Tax expenses		-16.9	-13.7	-31.4	-27.0	-54.5
Profit/(loss) after tax		50.6	41.2	94.2	81.1	151.9
<i>Attributable to</i>						
Shareholders		45.7	36.8	84.6	72.5	133.7
Additional Tier 1 capital investors		4.9	4.4	9.7	8.6	18.2
Profit/(loss) after tax		50.6	41.2	94.2	81.1	151.9
Earnings per share (NOK)		0.20	0.18	0.37	0.36	0.62
Diluted earnings per share (NOK)		0.20	0.18	0.36	0.35	0.61
Comprehensive income						
Profit/(loss) after tax		50.6	41.2	94.2	81.1	151.9
Other comprehensive income		-	-	-	-	-
Comprehensive income for the period		50.6	41.2	94.2	81.1	151.9

BALANCE SHEET

Amounts in NOK million	Note	30 June 2024	30 June 2023	31 Dec. 2023
Loans and deposits with credit institutions		2,200.3	544.7	1,530.0
Net loans to customers	2	11,475.5	10,523.4	11,076.0
Certificates and bonds		1,048.5	813.4	926.1
Other receivables		24.8	62.2	14.7
Deferred tax asset		1.3	53.8	29.5
Fixed assets		19.6	1.0	22.0
Intangible assets		69.5	27.5	66.9
Total assets		14,839.6	12,026.0	13,665.2
Deposits from and debt to customers		12,179.4	9,516.4	11,096.0
Other debt		131.2	127.0	125.3
Subordinated loans (Tier 2)	5	165.0	165.0	165.0
Total liabilities		12,475.6	9,808.4	11,386.3
Additional Tier 1 capital		199.6	199.6	199.6
Share capital		229.8	229.1	229.4
Share premium		936.9	937.1	936.9
Other paid-in capital		56.5	56.4	56.5
Retained earnings		941.3	795.5	856.7
Total equity		2,364.0	2,217.6	2,278.9
Total liabilities and equity		14,839.6	12,026.0	13,665.2

Lysaker, 13 August 2024

Board of Directors and CEO, Morrow Bank ASA

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
Equity as at 1 January 2023	199.6	187.6	786.7	56.4	723.0	1,953.3
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
Equity as at 31 December 2023	199.6	229.4	936.9	56.5	856.7	2,278.9
Equity as at 1 January 2024	199.6	229.4	936.9	56.5	856.7	2,278.9
Profit after tax	9.7	-	-	-	84.6	94.2
Share capital increases due to share issue	-	-	-	-	-	-
Share capital increases due to exercised share options	-	0.4	-	-	-	0.4
Changes in equity due to share option programs	-	-	-	-	-	-
Net interest paid to additional Tier 1 capital investors	-9.7	-	-	-	-	-9.7
Equity as at 30 June 2024	199.6	229.8	936.9	56.5	941.3	2,364.0

CASH FLOW STATEMENT

Amounts in NOK million	H1 2024	H1 2023	2023
Profit/(loss) before tax	125.7	108.1	206.4
Taxes paid	-	-	-
Depreciation	20.5	16.2	35.7
Change in impairments on loans to customers	289.9	61.1	183.1
Change in gross loans to customers	-689.4	-1,473.8	-2,148.4
Effects of currency on loans to customers	37.3	466.0	334.0
Change in deposits from and debt to customers	1,083.4	168.8	1,748.4
Effects of currency on deposits from and debt to customers	-22.7	-549.4	-440.6
Change in certificates and bonds	-100.0	717.8	617.8
Change in accruals and other adjustments	-21.2	-137.2	-63.4
Net cash flow from operating activities	723.4	-622.3	473.0
Payments for investments in fixed assets	-	-0.4	-3.9
Payments for investments in intangible assets	-21.2	62.2	-48.3
Net cash flow from investing activities	-21.2	61.8	-52.2
Paid-in equity	-	190.8	190.6
Payment to AT1 capital investors	-12.9	-11.5	-24.3
Net receipts from AT2 capital	-	100.0	98.0
Lease payments	-2.1	-2.4	-4.3
Dividend payment	-	-	-
Net cash flow from financing activities	-15.0	276.8	260.0
Net cash flow for the period	687.2	-283.7	680.8
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	-16.9	20.6	41.4
Cash and cash equivalents at the end of the period	2,200.3	544.7	1,530.0
<i>Of which:</i>			
Loans and deposits with credit institutions	2,200.3	544.7	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 June 2024, the total loan loss provision related to macroeconomic factors amounted to NOK 28.8 million (30 June 2024: NOK 35.0 million).

Loans to customers

<i>Amounts in NOK million</i>	30 June 2024	30 June 2023	31 Dec. 2023
Gross loans to customers	12,477.9	11,113.9	11,788.5
Impairment of loans	-1,002.4	-590.5	-712.5
Net loans to customers	11,475.5	10,523.4	11,076.0

Defaulted loans

<i>Amounts in NOK million</i>	30 June 2024	30 June 2023	31 Dec. 2023
Gross defaulted loans to customers *	1,415.9	497.4	754.2
Impairment of loans (stage 3)	-603.5	-213.4	-317.6
Net defaulted loans to customers	812.4	284.0	436.6

* 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 June 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 288.8 million, with corresponding impairment amounted to NOK 65.3 million (30 June 2023: NOK 201.2 million and NOK 41.7 million). These loans are included in "Gross defaulted loans to customers".

Information on products and geographical distribution

NO = Norway, FI = Finland, SE = Sweden

Q2 2024	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	95.2	180.8	79.9	36.5	-	18.5	410.8
Interest expenses	-26.5	-58.6	-28.4	-9.8	-	-0.0	-123.4
Net interest income	68.7	122.2	51.5	26.6	-	18.4	287.4
Commission income and fees	2.2	2.9	2.3	4.8	-	9.8	22.0
Commission expenses and fees	0.0	0.5	-	-8.1	-	-7.1	-14.8
Net commissions and fees	2.2	3.4	2.3	-3.4	-	2.6	7.2
Losses on loans	-18.9	-94.0	-29.3	-15.5	-	-	-157.6
Total income incl. loan losses	52.0	24.9	24.6	7.7	-	27.8	137.0
Gross loans to customers	2,626.8	5,962.3	2,912.8	976.0	-	-	12,477.9
Impairment of loans	-123.8	-573.0	-237.4	-68.2	-	-	-1,002.4
Net loans to customers	2,503.0	5,389.3	2,675.3	907.8	-	-	11,475.5

Amounts in NOK million

Q2 2023	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	86.2	135.6	64.4	31.6	10.9	8.5	337.2
Interest expenses	-24.0	-29.7	-18.6	-5.5	-2.3	-	-80.0
Net interest income	62.2	105.9	45.8	26.1	8.6	8.5	257.1
Commission income and fees	3.0	2.4	2.0	11.9	0.5	2.5	22.2
Commission expenses and fees	0.0	-0.4	-	-14.3	-	-2.0	-16.7
Net commissions and fees	3.0	2.0	2.0	-2.4	0.5	0.5	5.5
Losses on loans	-5.3	-74.5	-41.1	-7.4	-1.4	-1.5	-131.2
Total income net of losses on loans	59.9	33.4	6.7	16.3	7.6	7.6	131.4
Gross loans to customers	3,262.8	4,237.3	2,567.8	774.0	272.0	-	11,113.9
Impairment of loans	-121.9	-224.9	-173.8	-31.8	-38.1	-	-590.5
Net loans to customers	3,140.9	4,012.4	2,394.0	742.2	233.9	-	10,523.4

Amounts in NOK million

H1 2024	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	189.0	360.1	160.8	74.5	-	35.0	819.4
Interest expenses	-55.1	-114.8	-56.4	-19.2	-	-0.1	-245.5
Net interest income	133.9	245.3	104.4	55.3	-	35.0	573.9
Commission income and fees	4.6	6.0	4.4	11.1	-	9.8	35.9
Commission expenses and fees	0.0	-0.0	-	-18.9	-	-9.5	-28.3
Net commissions and fees	4.6	6.0	4.4	-7.8	-	0.3	7.5
Losses on loans	-37.9	-203.7	-43.1	-30.6	-	-0.0	-526.7
Total income net of losses on loans	100.7	47.6	65.8	16.9	-	35.2	498.6
Gross loans to customers	2,626.8	5,962.3	2,912.8	976.0	-	-	12,477.9
Impairment of loans	-123.8	-573.0	-237.4	-68.2	-	-	-1,002.4
Net loans to customers	2,503.0	5,389.3	2,675.3	907.8	-	-	11,475.5

Amounts in NOK million

H1 2023	Consumer loans			Cards NO/FI/SE	POS NO/SE	Not allocated	Total
	NO	FI	SE				
Interest income	175.8	233.6	123.0	60.4	24.1	13.0	629.8
Interest expenses	-45.5	-50.2	-33.2	-9.7	-4.5	-	-143.1
Net interest income	130.3	183.4	89.8	50.7	19.6	13.0	486.8
Commission income and fees	6.0	4.3	2.0	17.8	0.9	2.5	33.6
Commission expenses and fees	0.0	-0.8	-	-14.5	-	-4.9	-20.2
Net commissions and fees	6.0	3.6	2.0	3.4	0.9	-2.4	13.5
Losses on loans	-6.3	-132.2	-74.1	-15.1	-2.1	-1.5	-231.4
Total income incl. loan losses	130.1	54.8	17.6	39.0	18.4	9.1	268.9
Gross loans to customers	3,262.8	4,237.3	2,567.8	774.0	272.0	-	11,113.9
Impairment of loans	-121.9	-224.9	-173.8	-31.8	-38.1	-	-590.5
Net loans to customers	3,140.9	4,012.4	2,394.0	742.2	233.9	-	10,523.4

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	-95.2	-129.2	-74.9	-23.3	-6.5	-30.7	-359.8
Net interest income	265.8	410.9	194.4	106.5	29.0	13.4	1,020.2
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
Net commissions and fees	11.2	5.9	7.7	-16.7	1.2	-4.3	5.1
Losses on loans	-20.4	-317.8	-151.2	-35.4	-2.0	0.0	-526.7
Total income incl. loan losses	256.7	99.1	50.9	54.4	28.2	9.2	498.6
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
Net loans to customers	2,916.6	4,818.0	2,505.3	836.0	-	-	11,076.0

Reconciliation of gross loans to customers

Q2 2024

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance	10,077.6	1,026.3	1,139.0	12,242.9
Transfer from stage 1 to stage 2	-436.9	436.9	-	-
Transfer from stage 1 to stage 3	-98.9	-	98.9	-
Transfer from stage 2 to stage 3	-	-304.3	304.3	-
Transfer from stage 3 to stage 2	-	75.9	-75.9	-
Transfer from stage 2 to stage 1	164.7	-164.7	-	-
Transfer from stage 3 to stage 1	11.8	-	-11.8	-
New assets	1,205.8	69.2	7.4	1,282.3
Assets derecognized	-931.8	-69.5	-46.0	-1,047.3
Closing balance	9,992.2	1,069.7	1,415.9	12,477.9

Q2 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance	9,560.2	771.8	457.6	10,789.6
Transfer from stage 1 to stage 2	-395.7	395.7	-	-
Transfer from stage 1 to stage 3	-167.3	-	167.3	-
Transfer from stage 2 to stage 3	-	-102.6	102.6	-
Transfer from stage 3 to stage 2	-	40.6	-40.6	-
Transfer from stage 2 to stage 1	140.2	-154.3	-	-14.1
Transfer from stage 3 to stage 1	24.3	-	-10.2	14.1
New assets	1,385.3	64.3	6.8	1,456.4
Assets derecognized	-817.7	-123.8	-190.5	-1,132.1
Closing balance	9,729.3	891.6	493.0	11,113.9

H1 2024

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance	10,014.4	1,019.9	754.2	11,788.5
Transfer from stage 1 to stage 2	-939.1	939.1	-	-
Transfer from stage 1 to stage 3	-240.4	-	240.4	-
Transfer from stage 2 to stage 3	-	-610.6	610.6	-
Transfer from stage 3 to stage 2	-	127.0	-127.0	-
Transfer from stage 2 to stage 1	354.6	-354.6	-	-
Transfer from stage 3 to stage 1	21.1	-	-21.1	-
New assets	2,459.3	62.1	15.1	2,536.4
Assets derecognized	-1,677.7	-113.1	-56.2	-1,847.1
Closing balance	9,992.2	1,069.7	1,415.9	12,477.9

H1 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance	8,491.2	719.2	429.7	9,640.1
Transfer from stage 1 to stage 2	-731.8	731.8	-	-
Transfer from stage 1 to stage 3	-338.0	-	338.0	-
Transfer from stage 2 to stage 3	-	-199.4	199.4	-
Transfer from stage 3 to stage 2	-	89.6	-89.6	-
Transfer from stage 2 to stage 1	320.4	-334.6	-	-14.1
Transfer from stage 3 to stage 1	33.6	-	-19.4	14.1
New assets	3,227.8	113.7	11.2	2,849.7
Assets derecognized	-1,273.9	-228.7	-376.4	-1,375.9
Closing balance	9,729.3	891.6	493.0	11,113.9

2023

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Opening balance	8,491.2	719.2	429.7	9,640.1
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
Closing balance	10,079.6	954.7	754.2	11,788.5

Reconciliation of impairment of loans

Q2 2024

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Opening balance at quartal	225.3	168.7	475.8	869.8
Transfer from stage 1 to stage 2	-10.0	10.0	-	-
Transfer from stage 1 to stage 3	-2.4	-	2.4	-
Transfer from stage 2 to stage 3	-	-62.3	62.3	-
Transfer from stage 3 to stage 2	-	15.0	-15.0	-
Transfer from stage 2 to stage 1	23.3	-23.3	-	-
Transfer from stage 3 to stage 1	1.0	-	-1.0	-
New financial assets originated	19.8	8.8	0.3	28.9
Increased expected credit loss	8.7	77.0	111.3	197.0
Assets derecognized	-3.0	-3.3	-11.6	-17.9
Decreased expected credit loss	-33.5	-9.4	-10.5	-53.4
Exchange rate movements	0.8	0.5	0.1	1.4
Macroeconomic model changes	-3.2	-2.5	-0.9	-6.6
Other changes	-4.1	-3.0	-9.8	-16.9
Closing balance	222.7	176.1	603.5	1,002.4

Q2 2023

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Opening balance	213.7	140.2	198.2	552.1
Transfer from stage 1 to stage 2	-15.2	15.2	-	-
Transfer from stage 1 to stage 3	-76.5	-	76.5	-
Transfer from stage 2 to stage 3	-	-26.4	26.4	-
Transfer from stage 3 to stage 2	-	8.4	-8.4	-
Transfer from stage 2 to stage 1	22.9	-22.3	-0.7	-0.0
Transfer from stage 3 to stage 1	22.7	-22.0	-0.7	-
New financial assets originated	142.3	13.5	1.8	157.7
Increased expected credit loss	-6.0	92.8	39.6	126.4
Assets derecognized	-54.5	-27.1	-121.2	-202.7
Decreased expected credit loss	-37.0	-7.3	-3.3	-47.6
Exchange rate movements	0.9	1.0	2.7	4.6
Macroeconomic model changes	-	-	-	-
Other changes	-	-	-	-
Closing balance	213.4	166.2	210.9	590.5

H1 2024

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Opening balance at year	230.9	164.0	317.6	712.5
Transfer from stage 1 to stage 2	-22.2	22.2	-	-
Transfer from stage 1 to stage 3	-6.0	-	6.0	-
Transfer from stage 2 to stage 3	-	-125.7	125.7	-
Transfer from stage 3 to stage 2	-	26.5	-26.5	-
Transfer from stage 2 to stage 1	52.9	-52.9	-	-
Transfer from stage 3 to stage 1	2.2	-	-2.2	-
New financial assets originated	39.6	14.1	0.5	54.2
Increased expected credit loss	17.3	166.4	238.6	422.3
Assets derecognized	-6.6	-8.2	-24.7	-39.5
Decreased expected credit loss	-74.3	-19.3	-23.9	-117.5
Exchange rate movements	-9.2	-9.0	-6.1	-24.2
Macroeconomic model changes	-3.2	-2.5	-1.0	-6.6
Other changes	1.2	0.6	-0.5	1.3
Closing balance	222.7	176.1	603.5	1,002.4

H1 2023

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Opening balance	175.0	116.1	174.1	465.2
Transfer from stage 1 to stage 2	-23.3	23.3	-	-
Transfer from stage 1 to stage 3	-79.5	-	79.5	-
Transfer from stage 2 to stage 3	-	-44.5	44.5	-
Transfer from stage 3 to stage 2	-	18.4	-18.4	-
Transfer from stage 2 to stage 1	52.6	-51.9	-0.7	-
Transfer from stage 3 to stage 1	25.1	-22.0	-3.1	-
New financial assets originated	181.5	20.1	6.8	84.1
Increased expected credit loss	32.6	163.9	101.4	359.9
Assets derecognized	-60.6	-51.2	-177.6	-256.2
Decreased expected credit loss	-81.0	-15.3	-7.2	-102.5
Exchange rate movements	-20.4	0.7	-0.0	-19.7
Macroeconomic model changes	0.0	-0.0	-0.0	0.0
Other changes	11.6	8.6	11.6	59.8
Closing balance	213.4	166.2	210.9	590.5

2023

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Opening balance at year	205.5	128.9	195.0	529.4
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
Closing balance	231.0	164.0	317.6	712.5

Losses on loans

Amounts in NOK million

	Q2 2024	Q2 2023	H1 2024	H1 2023	2023
+/- Losses stage 1 and stage 2, movement	16.3	25.8	25.6	43.4	67.3
+/- Losses stage 3, movement	138.3	15.2	292.6	17.7	130.8
Other effects (NPL, sales parameter updates etc.)	3.1	90.1	-2.9	170.3	328.5
Losses on loans	157.6	131.2	315.3	231.4	526.7

Note 3 – Capital adequacy

<i>Amounts in NOK million</i>	30 June 2024	30 June 2023	31 Dec. 2023
Book equity	2,364.0	2,217.5	2,278.9
Additional Tier 1 capital	-199.6	-199.6	-199.6
Additions:			
Phase-in effect of IFRS 9	16.6	78.1	84.8
Deductions:			
Additional value adjustment (AVA)	-1.0	-0.8	-0.9
Other equity not included in core capital (Foreseeable dividends)	-	-8.1	-15.1
Deferred tax assets and other intangible assets and deductions	-70.8	-115.9	-96.4
Common equity Tier 1	2,109.2	1,971.3	2,051.6
Additional Tier 1 capital	199.6	199.6	199.6
Core capital	2,308.7	2,170.9	2,251.2
Subordinated loans (Tier 2)	165.0	165.0	165.0
Total capital	2,473.7	2,335.9	2,416.2

Capital excluding phase-in effects of IFRS 9

<i>Amounts in NOK million</i>	30 June 2024	30 June 2023	31 Dec. 2023
Common equity Tier 1 excluding phase-in effect of IFRS 9	2,092.6	1,893.2	1,966.8
Core capital excluding phase-in effect of IFRS 9	2,292.1	2,092.8	2,166.4
Total capital excluding phase-in effect of IFRS 9	2,457.1	2,257.8	2,331.4

Calculation basis

<i>Amounts in NOK million</i>	30 June 2024	30 June 2023	31 Dec. 2023
Loans and deposits with credit institutions	440.1	109.1	306.0
Loans to retail customers and IFRS 9 phase-in effect	8,826.1	8,027.9	8,489.2
Covered bonds	66.3	8.1	40.8
Other assets	44.4	28.5	36.7
Calculation basis credit risk	9,376.9	8,173.6	8,872.6
Calculation basis operational risk (standardized approach)	1,365.6	1,388.9	1,365.6
Total calculation basis	10,742.5	9,562.5	10,238.2

Total calculation basis excluding phase-in effect of IFRS 9	10,727.6	9,496.8	10,165.2
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Capital ratios including phase-in effect of IFRS 9	30 June 2024	30 June 2023	31 Dec. 2023
Common equity tier 1 (%)	19.6 %	20.6 %	20.0 %
Core capital (%)	21.5 %	22.7 %	22.0 %
Total capital (%)	23.0 %	24.4 %	23.6 %

Capital ratios excluding phase-in effect of IFRS 9			
Common equity tier 1 (%)	19.5 %	19.9 %	19.3 %
Core capital (%)	21.4 %	22.0 %	21.3 %
Total capital (%)	22.9 %	23.8 %	22.9 %

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

The LCR (Liquidity Coverage Ratio) was 282% and the NSFR (Net Stable Funding Ratio) was 119% as at 30 June 2024. As at 31 December 2023 LCR was 310% and the NSFR was 125%.

Note 4 - Financial instruments

Financial instruments at fair value

Amounts in NOK million	30 June 2024	30 June 2023	31 Dec. 2023
Certificates and bonds - level 1	-	246.4	175.0
Certificates and bonds - level 2	1,048.5	567.0	751.1
Total financial instruments at fair value	1,048.5	813.4	926.1

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

Amounts in NOK million	30 June 2024	30 June 2023	31 Dec. 2023
Loans and deposits with credit institutions	2,200.3	544.7	1,530.0
Net loans to customers	11,475.5	10,523.4	11,076.0
Other receivables	1.2	4.5	9.2
Total financial assets measured at amortised cost	13,677.0	11,072.6	12,615.2
Deposits from and debt to customers	12,179.4	9,516.4	11,096.0
Other debt	47.5	54.0	42.6
Subordinated loans (Tier 2)	165.0	165.0	165.0
Total financial liabilities measured at amortised cost	12,391.9	9,735.4	11,303.5

Note 5 - Subordinated loans

Amounts in NOK million	Issue date	Maturity date	30 June 2024	30 June 2023	31 Dec. 2023
Subordinated loan (ISIN NO0010941131)	3 March.2031	4 March.2021	65.0	65.0	65.0
Subordinated loan (ISIN NO0012909235)	11 May 2023	11 May 2033	100.0	100.0	100.0
Total subordinated loans			165.0	165.0	165.0

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	Q2 2024	Q2 2023	H1 2024	H1 2023	2023
Interest income from loans to customers	390.9	328.6	781.0	616.9	1,335.9
<i>of which sales commissions to agents</i>	-51.6	-46.6	-102.1	-92.1	-186.0
Interest income from loans and deposits with credit institutions	20.0	8.5	38.4	13.0	44.1
Total interest income calculated using the effective interest rate method	410.8	337.2	819.4	629.8	1,380.0
Other interest income	-	-	-	-	-
Total interest income	410.8	337.2	819.4	629.8	1,380.0
Interest expense from deposit customers	-104.8	-62.2	-208.5	-113.0	-288.5
Interest expense from subordinated loan (Tier 2)	-4.7	-3.1	-9.3	-4.5	-14.2
Other interest expenses and similar expenses	-13.9	-14.8	-27.7	-25.6	-57.1
Total interest expenses	-123.4	-80.0	-245.5	-143.1	-359.8
Net interest income	287.4	257.1	573.9	486.8	1,020.2
Insurance services	10.5	10.4	21.0	20.3	40.6
Other fees and commissions and bank services income	11.4	11.8	14.9	15.2	22.1
Total income commissions and fees	22.0	22.2	35.9	35.5	62.7
Provisions to other bank connections	-1.5	-1.7	-2.8	-3.2	-5.8
Other expenses commissions and fees	-13.3	-15.0	-25.5	-26.1	-51.8
Total expenses commissions and fees	-14.8	-16.7	-28.3	-29.3	-57.6
Net commissions and fees	7.2	5.5	7.5	6.2	5.1

Note 7 – General administrative expenses and other expenses

Amounts in NOK million	Q2 2024	Q2 2023	H1 2024	H1 2023	2023
Direct marketing expenses	-4.8	-5.1	-11.5	-9.9	-22.6
IT-expenses	-12.4	-12.9	-27.2	-31.6	-61.3
Other general administrative expenses	-16.6	-16.7	-30.7	-27.0	-51.3
Total general and administrative expenses	-33.9	-34.7	-69.4	-68.6	-135.3
Insurance	-0.1	-0.5	-0.4	-1.0	-1.8
External audit and related services	-0.6	-0.7	-1.3	-1.5	-3.0
Other consultants	-5.9	-11.1	-10.9	-19.7	-30.0
Other expenses	-1.3	-3.5	-2.7	-9.0	-12.7
Total other expenses	-8.0	-15.7	-15.4	-31.2	-47.6

Note 8 - Subsequent events

In July 2024 Morrow Bank agreed on an acquisition of a SEK 700 million portfolio of performing loans from Qliro AB. The acquisition was done at a 2% premium compared to the loan value, making it a cost-effective way for the Bank to grow its loan balance and leverage its scalable banking platform. Preliminary estimates indicate that the transaction will have a neutral impact on 2024 results and a positive impact from 2025 onwards. The transaction was fully covered by the Bank's available liquidity and capital.



To the Shareholders of Morrow Bank ASA

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed balance sheet of Morrow Bank ASA as at 30 June 2024, and the related condensed comprehensive income statement, the statement of changes in equity and the cash flow statement for the Six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Oslo, 13 August 2024

PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant
(This document is signed electronically)