MORROW

Interim report

FOURTH QUARTER AND FULL-YEAR 2024

Q4 profit before tax up 65% y-o-y – proposed dividend of NOK 0.4 per share – excess capital growing

Built a scalable banking platform

- Gross loans at NOK 15.4 billion, up from NOK 11.8 billion at year-end 2023 (+31%)
- Successfully executed NOK ~2.3 billion of Swedish loan portfolio acquisitions with full income effect from Q4 2024
- All-time-high total income of NOK 354 million in Q4 and NOK 1.3 billion in 2024, up 24% and 21% vs 2023 respectively
- Cost/income ratio at industry-leading 25.9% in the quarter (28.0% in Q4 2023) enabled by a scalable banking platform

Increased profitability and proposed dividend

- Loan loss ratio declined for the fourth quarter in a row to 4.6% (5.4% in Q4 2023)
- Profit before tax increased by 65% to NOK 83.6 million in the quarter (NOK 50.6 million in Q4 2023) and 37% to NOK 281 million for 2024 (NOK 206 million for 2023)
- Return on equity of 9.9% in Q4 (6.1% in Q4 2023) and 8.7% for the full year (6.8% for 2023)
- Return on target equity (ROTE)[1] of 10.6% in the quarter and 10.1% for 2024
- The board to propose a dividend of up to 50% of 2024 profits available for distribution to the AGM (10 April 2025), NOK 0.4 per share

Strong value drivers in place

- Nordic macro improving, with expected higher GDP growth and lower inflation in 2025-2026 compared to last year
- Loan loss ratio to continue to decline supported by stricter policies, a maturing loan book and a favourable macro backdrop – enabling higher risk-adjusted margins
- Current business plan set to generate excess capital from 2025 as returns exceed growth

Attractive value creation potential

- Targeting annualised organic loan growth of ~5%, cost/income ratio of 23% and return on target equity of 12-14% by year-end 2026
- Submitted banking license application to achieve a level playing field with Swedish peers. With similar capital requirements, return on target equity could reach 20% in the mid-term
- Swedish FSA decision expected in Q2 2025 – planning to redomicile and transfer listing to Nasdaq Stockholm early 2026

[1] The profit has been adjusted for the estimated financing cost of pro-forma additional capital, which will enable the utilisation of the new capital requirement from Q4 2024.

Comment from the CEO, Øyvind Oanes:

"In 2024, we saw the full benefits of the scalable banking platform we have built over the past three years. With record-high income, improved cost efficiency, and declining loan losses, Morrow Bank delivered significant shareholder value, achieving a total shareholder return of ~140% for the year.

Since launching our turnaround early 2022, we've reduced the cost/income ratio from 54% to a best-in-class 26% while doubling the loan book to NOK 15.4 billion. This growth has been particularly strong in Sweden and Finland, where we benefit from lower capital requirements and higher risk-adjusted margins. Our acquisition of two Swedish loan portfolios last year highlights the scalability of our platform, as we delivered significant loan growth without increasing operational expenses. On the back of the strong results for 2024, the Board will propose a dividend of NOK 0.4 per share – our first dividend payment since we launched the turnaround.

Looking ahead, the prospects are encouraging. Nordic macroeconomic conditions are improving, with declining interest rates and renewed GDP growth on the horizon. These trends support stable to improving net interest margins, continued reductions in loan losses, and higher risk-adjusted returns. Going forward, we expect growing excess capital generation which we are committed to allocate to where it can generate the highest long-term shareholder return.

Morrow Bank is well-positioned for sustainable growth, targeting ~5% annualized organic loan growth, a cost/income ratio of 23%, and a return on target equity of 12-14% by 2026. Our redomiciliation process is on track, with a decision from the Swedish FSA expected in Q2 2025. Aligning our capital requirements with Swedish peers is expected to enhance our return on target equity to as much as 20%, unlocking further value in the mid-term."

About Morrow Bank

Morrow Bank is a Nordic niche bank offering consumer loans, credit cards and deposit accounts to consumers. The target group is creditworthy individuals with stable personal finances and no payment remarks. Credit risk is managed largely by automated processes for credit assessment and underwriting. The Bank has a diversified and balanced distribution model utilizing both public and proprietary channels. Operational efficiency and low cost are a foundation for Morrow Bank, enabled by centralized operations, modern systems and digital set-up.

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.

Financials for Q4 and full year 2024

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

Gross loans to customers amounted to NOK 15.4 billion at the end of 2024, an increase of 31% compared to the end of 2023 driven by organic growth and two loan portfolio acquisitions. Split on product segments, loans increased by NOK 3,355 million and credit cards increased by NOK 241 million from Q4 2023 to Q4 2024. Adjusted for currency effects and NPL sales, total gross loans increased by 0.5%.

Net interest income amounted to NOK 334.7 million in Q4 2024, up 20% compared to Q4 2023, and NOK 1,210 million for 2024 (NOK 1,020 million).

The yield remained relatively stable at 13.9% (adj. for portfolio acquisitions) for performing consumer loans (14.3% in Q4 2023) also affected by somewhat lower interest rates on purchased portfolios in Q3 2024, while the performing credit card yield declined to 16.3% (17.0%) as Finland was weighing more in at lower statutory yields. The yield on deposits started to decline to 3.5% (3.8%), driven by lower interest rates in Sweden and for euro funding. The overall net interest margin increased to 8.7% in the quarter (8.5%) and 8.5% for the full year (9.1%).

Net commissions and fees amounted to NOK 0.0 million in the quarter and NOK 7.6 million for the full year.

Net gains on certificates, bonds and currency were NOK 19.7 million (NOK 11.4 million) as a result of higher volume and a positive performance of market-based instruments.

Total income was NOK 354.4 million, up 24% from the same quarter last year, mainly driven by successful loan portfolio acquisitions as well as organic demand. For the full year, total income was NOK 1,277 million (NOK 1,054 million).

Total operating expenses were NOK 91.7 million, up from NOK 80.1 million in Q4 2023, driven by a NOK 10 million one-off related to Swedish banking license application costs. The personnel expenses were NOK 31 million in the quarter (NOK 26.9 million). As the number of FTEs was 63 by the end of quarter compared to mid-seventies by the end of Q4 2023, the underlying cost base was reduced. Full year, operating expenses amounted to NOK 334 million, compared with NOK 321 million in 2023, mainly enabled by increased automation.

General and administrative expenses including direct marketing expenses were NOK 33.6 million, down from NOK 34.1 million in Q4 2023, and NOK 132 million for the full year (NOK 135.3 million).

The cost/income ratio was 25.9%, down from 28.0% in Q4 2023. The NOK ~2.3 billion loan portfolio acquisitions had full effect from Q4 and highlights the scalability of Morrow Bank's platform, as gross loans grew significantly without increasing operational expenses.

Losses on loans amounted to NOK 179.2 million, compared to NOK 155.3 million in Q4 2023. The loan loss ratio has declined from 5.4% to 4.6% as a result of loan growth stabilizing, the recent acquisitions of mature loan portfolios with lower credit risk and the implementation of stricter credit policies after Q2 2023. As growth is otherwise easing and with older loans entailing less credit risks than newer loans, this development has contributed to the loan loss ratio now declining four quarters in a row – a trend that is set to continue.

Additionally, the Bank has experienced 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 60.4 million compared to NOK 35.1 million in Q4 2023. The improvement was driven by an increase in total income lifted by higher gross loans amid stable costs. Profit after tax for 2024 was NOK 209 million, up 37% compared to the year before (NOK 151.9 million).

The return on equity was 9.9% (6.1%).

Total assets as at 31 December 2024 amounted to NOK 18,617 million (compared to NOK 13,665 million as at 31 December 2023). Net loans to customers ended at NOK 15,385 (NOK 11,076 million). Deposits from customers amounted to NOK 15,705 million (NOK 11,096 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 2,185 million (NOK 754 million). However, there are signs of increasing activity in this market as demonstrated by the Bank's sale of Finnish non-performing loans in Q4 2024.

In September 2024, 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 2,469 million as at 31 December 2024 (NOK 2,279 million as at 31 December 2023). The Bank had a total capital ratio of 21.2% at the end of the quarter (23.6%), and a common equity tier 1 (CET1) ratio of 17.5% (20.0%) driven by loan portfolio acquisitions. The Bank's CET1 ratio requirement decreased to 12.1% from 14.5% in the previous quarter (Q3 2024) as a result of the geographical composition of the loan balance and the composition of Pillar 2 requirement. On 19 December 2024, Finanstilsynet (the Norwegian Financial Services Authority – NFSA) informed Morrow Bank that the Bank's Pillar 2 requirement ("P2R") no longer needs to consist of 100% CET1 capital, as per the Bank's latest SREP letter (23 May 2024), but may consist of a minimum of 56.25% CET1 capital and 75% core capital. This change implies a relief of approximately 2.4% in the CET1 requirement, with headroom to the requirement increasing to 5.4% by end of Q4 2024 from 3.0% by end of the previous quarter. The total capital requirement remains unchanged.

With a CET1 ratio target of 14.1% and a total capital target at 20.0%, the Bank's capital level provides headroom and support for further growth. In NOK, the headroom to the CET1 requirement and CET1 target was NOK 700 and 445 million, respectively.

Loans and deposits with credit institutions and certificates and bonds amounted to NOK 4,673 million (NOK 2,456 million) corresponding to 25.1% (18.0%) 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 15.4 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 Q4 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 Q2 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 Q4, GDP growth improved across the Nordic countries. Inflation remained at high levels but continued the declining trend and interest rate were lowered in Sweden and the Eurozone, including Finland and Germany, while unemployment levels were stable in all the countries Morrow Bank operate. For 2025, 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 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, customer 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.

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

Following the two successful loan acquisitions in 2024, the Bank will continue to pursue structural opportunities that can further accelerate shareholder returns.

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 concluded in Q3 2024, Morrow Bank has initiated a redomiciliation process by lodging an application for a banking license to the Swedish FSA with a decision expected in Q2 2025. 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 institutional capital and reflect the fact that 80% of the loan book is outside of Norway.

The new capital requirements regulations (CRR3) came into force in the EU on 1 January 2025. It is expected to come into force in the EEA in 2025. For Morrow Bank, this will imply a reduction in the operational risk charge from NOK 1.566 to 570 million (as at 31.12.2024).

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

- 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 three quarters as this market has become more active, the relative attractivity 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.

For 2024, the board will recommend a dividend of up to 50% of profits available for distribution to the AGM (to be held 10 April 2025), NOK 0.4 per share.

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.

Dividend policy

Morrow Bank's dividend policy is to distribute excess capital not allocated to growth to its shareholders and as per applicable regulations.

Significant events after the balance sheet date

There were no significant events after the balance sheet date.

Related parties

There have not been any transactions with related parties in Q4 2024 that significantly impacted Morrow Bank's financial position or results for the period.

COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	Note	Q4 2024	Q4 2023	2024	2023
Interest income	2, 6	493.8	398.2	1,762.7	1,380.0
Interest expenses	2, 6	-159.2	-120.1	-552.2	-359.8
Net interest income		**334.7**	**278.1**	**1,210.5**	**1,020.2**
Commission income and fees	2, 6	17.8	13.5	68.8	62.7
Commission expenses and fees	2, 6	-17.8	-16.9	-61.2	-57.6
Net commissions and fees		**0.0**	**-3.4**	**7.6**	**5.1**
Net gains/(losses) on certificates, bonds and currency		19.7	11.4	58.7	28.6
Total income		**354.4**	**286.1**	**1,276.7**	**1,053.9**
Personnel expenses		-31.0	-26.9	-118.1	-102.3
General and administrative expenses	7	-33.6	-34.1	-132.0	-135.3
Other expenses	7	-14.9	-9.1	-40.2	-47.6
Depreciation		-12.2	-10.0	-44.0	-35.7
Total operating expenses		**-91.7**	**-80.1**	**-334.4**	**-320.9**
Losses on loans	2	-179.2	-155.3	-661.0	-526.7
Profit/(loss) before tax		**83.6**	**50.6**	**281.4**	**206.4**
Tax expenses		-23.2	-15.6	-72.7	-54.5
Profit/(loss) after tax		**60.4**	**35.1**	**208.7**	**151.9**
Attributable to					
Shareholders		55.5	30.2	189.3	133.7
Additional Tier 1 capital investors		4.9	4.9	19.4	18.2
Profit/(loss) after tax		**60.4**	**35.1**	**208.7**	**151.9**
Earnings per share (NOK)		0.24	0.13	0.82	0.62
Diluted earnings per share (NOK)		0.24	0.13	0.81	0.61

Comprehensive income				
Profit/(loss) after tax	**60.4**	**35.1**	**208.7**	**151.9**
Other comprehensive income	-	-	-	-
Comprehensive income for the period	**60.4**	**35.1**	**208.7**	**151.9**

BALANCE SHEET

Amounts in NOK million	Note	31 Dec. 2024	31 Dec. 2023
Loans and deposits with credit institutions		2,084.0	1,530.0
Net loans to customers	2	13,847.5	11,076.0
Certificates and bonds		2,589.4	926.1
Other receivables		9.8	14.7
Deferred tax asset		-	29.5
Fixed assets		18.3	22.0
Intangible assets		68.0	66.9
Total assets		**18,616.9**	**13,665.2**
Deposits from and debt to customers		15,704.6	11,096.0
Other debt		141.6	125.3
Tax payable		31.3	-
Deferred tax payable		5.4	-
Subordinated loans (Tier 2)	5	265.0	165.0
Total liabilities		**16,147.8**	**11,386.3**
Additional Tier 1 capital		199.6	199.6
Share capital		230.0	229.4
Share premium		936.9	936.9
Other paid-in capital		56.6	56.5
Retained earnings		1,046.0	856.7
Total equity		**2,469.0**	**2,278.9**
Total liabilities and equity		**18,616.9**	**13,665.2**

Lysaker, 12 February 2025

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	19,4	-	-	-	189,3	208,7
Share capital increases due to exercised share options	-	0,6	-	-	-	0,6
Changes in equity due to share option programs	-		-	0,2		0,2
Net interest paid to additional Tier 1 capital investors	-19,4	-	-	-	-	-19,4
Equity as at 31 December 2024	**199,6**	**230,0**	**936,9**	**56,6**	**1 046,0**	**2 469,0**

CASH FLOW STATEMENT

Amounts in NOK million	2024	2023
Profit/(loss) before tax	281.4	206.4
Taxes paid	0.0	-
Depreciation	44.0	35.7
Change in impairments on loans to customers	824.9	183.1
Change in gross loans to customers	-3,596.4	-2,148.4
Effects of currency on loans to customers	362.8	334.0
Change in deposits from and debt to customers	4,608.6	1,748.4
Effects of currency on deposits from and debt to customers	-372.5	-440.6
Change in certificates and bonds	-1,572.7	617.8
Change in accruals and other adjustments	-103.4	-63.4
Net cash flow from operating activities	**476.7**	**473.0**
Payments for investments in fixed assets	-	-3.9
Payments for investments in intangible assets	-41.3	-48.3
Net cash flow from investing activities	**-41.3**	**-52.2**
Paid-in equity	0.0	190.6
Payment to AT1 capital investors	-25.9	-24.3
Net receipts from AT2 capital	100.0	98.0
Lease payments	-3.9	-4.3
Dividend payment	-	-
Net cash flow from financing activities	**70.2**	**260.0**
Net cash flow for the period	**505.6**	**680.8**
Cash and cash equivalents at the start of the period	1,530.0	807.8
Effects of currency on loans and deposits with credit institutions in the period	48.4	41.4
Cash and cash equivalents at the end of the period	**2,084.0**	**1,530.0**

Note 1 – General accounting principles

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

Alternative Performance Measures (APM) included in this report are published in quarterly datasheets on ir.morrowbank.com.

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 31 December 2024, the total loan loss provision related to macroeconomic factors amounted to NOK 31.0 million (30 September 2024: NOK 29.5 million).

Loans to customers

Amounts in NOK million	**31 Dec. 2024**	**31 Dec. 2023**
Gross loans to customers	15,384.9	11,788.5
Impairment of loans	-1,537.4	-712.5
Net loans to customers	**13,847.5**	**11,076.0**
Of which;		
Purchased or originated credit-impaired (POCI);		
Gross loans to customers	206.7	-
Impairment of loans	-154.3	-
Net loans to customers	**52.4**	**-**

Defaulted loans

Amounts in NOK million	**31 Dec. 2024**	**31 Dec. 2023**
Gross defaulted loans to customers *	2,185.2	754.2
Impairment of loans (stage 3)	-991.2	-317.6
Net defaulted loans to customers	**1,194.1**	**436.6**
Of which;		
Purchased or originated credit-impaired (POCI);		
Gross loans to customers	206.7	-
Impairment of loans	-154.3	-
Net loans to customers	**52.4**	**-**

* Defaulted loans comprise loans that are 91 days or more overdue according to agreed payment schedule, and loans with other indications of unlikelihood to pay. Such loans continue to be considered defaulted regardless of future payment status. As at 31 December 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 360.2 million, with corresponding impairment amounted to NOK 78.5 million (30 September 2024: NOK 331.0 million and NOK 71.6 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

Q4 2024	Consumer loans NO	FI	SE	Cards NO/FI/SE	POS NO/SE	Not allocated	Total
Interest income	82.3	200.2	143.9	41.4	-	26.0	493.8
Interest expenses	-25.1	-66.7	-56.0	-11.3	-	-0.0	-159.2
Net interest income	**57.2**	**133.4**	**87.9**	**30.1**	**-**	**26.0**	**334.7**
Commission income and fees	2.0	3.2	6.0	6.1	-	0.6	17.8
Commission expenses and fees	-0.0	-0.0	-	-11.5	-	-6.3	-17.8
Net commissions and fees	**2.0**	**3.2**	**6.0**	**-5.4**	**-**	**-5.7**	**0.0**
Losses on loans	-13.6	-101.6	-26.4	-37.5	-	-	-179.2
Total income incl. loan losses	**45.5**	**35.0**	**67.4**	**-12.7**	**-**	**20.3**	**155.5**
Gross loans to customers	2,383.4	6,450.0	5,425.3	1,126.2	-	-	15,384.9
Impairment of loans	-167.9	-695.6	-591.0	-83.3	-	-	-1,537.4
Net loans to customers	**2,215.6**	**5,754.4**	**4,834.3**	**1,042.8**	**-**	**-**	**13,847.5**
Of which;							
Purchased or originated credit-impaired (POCI);							
Gross loans to customers	-	-	206.7	-	-	-	206.7
Impairment of loans	-	-	-154.3	-	-	-	-154.3
Net loans to customers	**-**	**-**	**52.4**	**-**	**-**	**-**	**52.4**

Amounts in NOK million

Q4 2023	Consumer loans NO	FI	SE	Cards NO/FI/SE	POS NO/SE	Not allocated	Total
Interest income	-	-	-	-	-	-	398,2
Interest expenses	17,2	180,0	66,0	20,0	-33,0	36,7	-120,1
Net interest income	**-18,0**	**-104,4**	**-51,4**	**-15,9**	**-33,0**	**36,7**	**278,1**
Commission income and fees	-	-	-	-	-	-	13,5
Commission expenses and fees	-2,0	2,1	1,2	-6,7	-1,2	8,4	-16,9
Net commissions and fees	**-2,0**	**2,1**	**1,2**	**-6,7**	**-1,2**	**8,4**	**-3,4**
Losses on loans	-	-	-	-	-	-	-155,3
Total income incl. loan losses	**-20,0**	**-102,4**	**-50,2**	**-22,6**	**-34,2**	**45,2**	**119,3**
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**

Amounts in NOK million

2024	Consumer loans NO	Consumer loans FI	Consumer loans SE	Cards NO/FI/SE	POS NO/SE	Not allocated	Total
Interest income	363.6	753.5	400.2	155.8	-	89.6	1,762.7
Interest expenses	-107.1	-248.1	-155.4	-41.6	-	-0.1	-552.2
Net interest income	**256.5**	**505.5**	**244.9**	**114.1**	**-**	**89.5**	**1,210.5**
Commission income and fees	8.7	12.2	13.0	23.4	-	11.6	68.8
Commission expenses and fees	-0.0	-0.1	-	-40.4	-	-20.7	-61.2
Net commissions and fees	**8.7**	**12.0**	**13.0**	**-17.0**	**-**	**-9.1**	**7.6**
Losses on loans	-85.6	-388.9	-104.4	-83.8	-	-	-661.0
Total income net of losses on loans	**179.6**	**128.6**	**153.4**	**13.3**	**-**	**80.4**	**557.1**
Gross loans to customers	2,383.4	6,450.0	5,425.3	1,126.2	-	-	15,384.9
Impairment of loans	-167.9	-695.6	-591.0	83.3	-	-	1,537.4
Net loans to customers	**2,215.6**	**5,754.4**	**4,834.3**	**1,042.8**	**-**	**-**	**13,847.5**
Of which;							
Purchased or originated credit-impaired (POCI);							
Gross loans to customers	-	-	206.7	-	-	-	206.7
Impairment of loans	-	-	-154.3	-	-	-	-154.3
Net loans to customers	**-**	**-**	**52.4**	**-**	**-**	**-**	**52.4**

Amounts in NOK million

2023	Consumer loans NO	Consumer loans FI	Consumer loans SE	Cards NO/FI/SE	POS NO/SE	Not allocated	Total
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 net of losses on loans	**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

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance	**12,292.0**	**1,216.9**	**2,033.6**	**15,542.6**
Transfer from stage 1 to stage 2	-816.0	816.0	-	-
Transfer from stage 1 to stage 3	-124.5	-	124.5	-
Transfer from stage 2 to stage 3	-	-335.5	335.5	-
Transfer from stage 3 to stage 2	-	40.4	-40.4	-
Transfer from stage 2 to stage 1	296.2	-296.2	-	-
Transfer from stage 3 to stage 1	33.5	-	-33.5	-
New assets	1,068.2	83.6	102.6	1,254.5
Assets derecognized	234.6	27.8	-114.0	148.4
Closing balance	**11,711.4**	**1,488.3**	**2,185.2**	**15,384.9**
Of which;				
Purchased or originated credit-impaired (POCI);	-	-	206.7	206.7
Closing balance	**-**	**-**	**206.7**	**206.7**

Q4 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance	**9 827,6**	**882,4**	**593,0**	**11 303,0**
Transfer from stage 1 to stage 2	-408,1	408,1	-	-
Transfer from stage 1 to stage 3	-122,0	-	122,0	-
Transfer from stage 2 to stage 3	-	-243,4	243,4	-
Transfer from stage 3 to stage 2	-	49,4	-49,4	-
Transfer from stage 2 to stage 1	152,2	-152,2	-	-
Transfer from stage 3 to stage 1	14,6	-	-14,6	-
New assets	1 648,6	111,9	10,4	1 770,8
Assets derecognized	-1 033,1	-101,6	-150,7	-1 285,4
Closing balance	**10 079,6**	**954,7**	**754,2**	**11 788,5**

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	-2,482.3	2,482.3	-	-
Transfer from stage 1 to stage 3	-487.9	-	487.9	-
Transfer from stage 2 to stage 3	-	-1,256.0	1,256.0	-
Transfer from stage 3 to stage 2	-	202.0	-202.0	-
Transfer from stage 2 to stage 1	1,031.8	-1,031.8	-	-
Transfer from stage 3 to stage 1	82.2	-	-82.2	-
New assets	7,101.6	227.9	338.3	7,391.3
Assets derecognized	-3,548.5	-156.0	-367.0	-3,794.8
Closing balance	**11,711.4**	**1,488.3**	**2,185.2**	**15,384.9**
Of which;				
Purchased or originated credit-impaired (POCI);	-	-	206.7	206.7
Closing balance	**-**	**-**	**206.7**	**206.7**

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

Q4 2024

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance at quartal	**322.2**	**198.5**	**955.6**	**1,476.2**
Transfer from stage 1 to stage 2	-25.1	25.1	-	-
Transfer from stage 1 to stage 3	-2.9	-	2.9	-
Transfer from stage 2 to stage 3	-	-64.4	64.4	-
Transfer from stage 3 to stage 2	-	8.8	-8.8	-
Transfer from stage 2 to stage 1	45.2	-45.2	-	-
Transfer from stage 3 to stage 1	4.8	-	-4.8	-
New financial assets originated	14.1	6.2	0.5	20.8
Increased expected credit loss	7.6	162.7	127.3	297.6
Assets derecognized	-4.5	-3.3	-106.1	-113.9
Decreased expected credit loss	-64.2	-6.7	-14.9	-85.8
Exchange rate movements	-24.5	-6.1	-22.7	-53.3
Macroeconomic model changes	0.0	0.0	0.0	0.0
Other changes	-1.3	-0.6	-2.3	-4.2
Closing balance	**271.3**	**275.0**	**991.2**	**1,537.4**
Of which;				
Purchased or originated credit-impaired (POCI);	-	-	-154.3	-154.3
Closing balance	**-**	**-**	**-154.3**	**-154.3**

Q4 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Opening balance at quartal	**228,0**	**149,3**	**261,0**	**638,3**
Transfer from stage 1 to stage 2	-9,7	9,7	-	-
Transfer from stage 1 to stage 3	-3,1	-	3,1	-
Transfer from stage 2 to stage 3	-	-49,2	49,2	-
Transfer from stage 3 to stage 2	-	12,6	-12,6	-
Transfer from stage 2 to stage 1	23,6	-23,6	-	-
Transfer from stage 3 to stage 1	4,5	-	-4,5	-
New financial assets originated	24,0	13,3	2,1	39,4
Increased expected credit loss	15,4	78,6	63,0	156,9
Assets derecognized	-3,7	-10,1	-26,9	-40,6
Decreased expected credit loss	-37,5	-9,5	-10,2	-57,2
Exchange rate movements	-5,7	-4,1	-7,6	-17,4
Macroeconomic model changes	-	-	-	-
Other changes	-4,9	-3,0	0,9	-7,0
Closing balance	**230,9**	**164,0**	**317,6**	**712,5**

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	-65.3	65.3	-	-
Transfer from stage 1 to stage 3	-12.0	-	12.0	-
Transfer from stage 2 to stage 3	-	-252.7	252.7	-
Transfer from stage 3 to stage 2	-	43.7	-43.7	-
Transfer from stage 2 to stage 1	155.7	-155.7	-	-
Transfer from stage 3 to stage 1	11.4	-	-11.4	-
New financial assets originated	175.0	27.4	186.2	388.6
Increased expected credit loss	45.4	396.6	484.2	926.2
Assets derecognized	-14.4	-14.3	-141.0	-169.7
Decreased expected credit loss	-179.0	-36.3	-52.4	-267.7
Exchange rate movements	-78.2	36.3	-29.4	-71.3
Macroeconomic model changes	-6.2	-5.0	-1.9	-13.1
Other changes	7.9	5.5	18.4	31.8
Closing balance	**271.3**	**275.0**	**991.2**	**1,537.4**
Of which;				
Purchased or originated credit-impaired (POCI);	-	-	-154.3	-154.3
Closing balance	**-**	**-**	**-154.3**	**-154.3**

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	Q4 2024	Q4 2023	2024	2024	2023
+/- Losses stage 1 and stage 2, movement	57.9	20.9	94.7	94.7	67.3
+/- Losses stage 3, movement	61.7	66.5	499.2	499.2	130.8
Other effects (NPL,sales parameter updates etc.)	59.7	67.8	67.2	67.2	328.5
Losses on loans	**179.2**	**155.3**	**661.0**	**661.0**	**526.7**

Note 3 – Capital adequacy

Amounts in NOK million	**31 Dec. 2024**	**31 Dec. 2023**
Book equity	2,469.0	2,278.9
Additional Tier 1 capital	-199.6	-199.6
Additions:		
Phase-in effect of IFRS 9	43.2	84.8
Deductions:		
Additional value adjustment (AVA)	-2.6	-0.9
Other equity not included in core capital (Foreseeable dividends)	-	-15.1
Deferred tax assets and other intangible assets and deductions	-68.0	-96.4
Common equity Tier 1	**2,242.1**	**2,051.6**
Additional Tier 1 capital	199.6	199.6
Core capital	**2,441.7**	**2,251.2**
Subordinated loans (Tier 2)	265.0	165.0
Total capital	**2,706.7**	**2,416.2**

Capital excluding phase-in effects of IFRS 9

Amounts in NOK million	**31 Dec. 2024**	**31 Dec. 2023**
Common equity Tier 1 excluding phase-in effect of IFRS 9	2,198.9	1,966.8
Core capital excluding phase-in effect of IFRS 9	2,398.4	2,166.4
Total capital excluding phase-in effect of IFRS 9	2,663.4	2,331.4

Calculation basis

Amounts in NOK million	**31 Dec. 2024**	**31 Dec. 2023**
Loans and deposits with credit institutions	416.8	306.0
Loans to retail customers and IFRS 9 phase-in effect	10,723.5	8,489.2
Covered bonds	54.3	40.8
Other assets	28.0	36.7
Calculation basis credit risk	**11,222.6**	**8,872.6**
Calculation basis operational risk (standardized approach)	1,565.8	1,365.6
Total calculation basis	**12,788.4**	**10,238.2**
Total calculation basis excluding phase-in effect of IFRS 9	**12,749.0**	**10,165.2**

Capital ratios including phase-in effect of IFRS 9	**31 Dec. 2024**	**31 Dec. 2023**
Common equity tier 1 (%)	17.5 %	20.0 %
Core capital (%)	19.1 %	22.0 %
Total capital (%)	21.2 %	23.6 %
Capital ratios excluding phase-in effect of IFRS 9		
Common equity tier 1 (%)	17.2 %	19.3 %
Core capital (%)	18.8 %	21.3 %
Total capital (%)	20.9 %	22.9 %

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

The LCR (Liquidity Coverage Ratio) was 687% and the NSFR (Net Stable Funding Ratio) was 136% as at 31 December 2024. As at 31 December 2023 the LCR was 310% and the NSFR was 125%.

Note 4 - Financial instruments

Financial instruments at fair value

Amounts in NOK million	31 Dec. 2024	31 Dec. 2023
Certificates and bonds - level 1	-	175,0
Certificates and bonds - level 2	2 589,4	751,1
Total financial instruments at fair value	**2 589,4**	**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	31 Dec. 2024	31 Dec. 2023
Loans and deposits with credit institutions	2 084,0	1 530,0
Net loans to customers	13 847,5	11 076,0
Other receivables	7,1	9,2
Total financial assets measured at amortised cost	**15 938,6**	**12 615,2**
Deposits from and debt to customers	15 704,6	11 096,0
Other debt	44,8	42,6
Subordinated loans (Tier 2)	265,0	165,0
Total financial liabilities measured at amortised cost	**16 014,3**	**11 303,5**

Note 5 - Subordinated loans

Amounts in NOK million	Issue date	Maturity date	31 Dec. 2024	31 Dec. 2023
Subordinated loan (ISIN NO0010941131)	3 March.2021	4 March.2031	65,0	65,0
Subordinated loan (ISIN NO0012909235)	11 May 2023	11 May 2033	100,0	100,0
Subordinated loan (ISIN NO0013333401)	19 Sept 2024	19 Sept 2034	100,0	-
Total subordinated loans			**265,0**	**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	2024	2023
Interest income from loans to customers	1,667.8	1,335.9
of which sales commisions to agents	*-181.2*	*-186.0*
Interest income from loans and deposits with credit institutions	94.9	44.1
Total interest income calculated using the effective interest rate method	**1,762.7**	**1,380.0**
Other interest income	-	-
Total interest income	**1,762.7**	**1,380.0**
Interest expense from deposit customers	-457.4	-288.5
Interest expense from subordinated loan (Tier 2)	-22.1	-14.2
Other interest expenses and similar expenses	-72.7	-57.1
Total interest expenses	**-552.2**	**-359.8**
	1,210.5	**1,020.2**
Insurance services	45.9	40.6
Other fees and commissions and bank services income	22.9	22.1
Total income commissions and fees	**68.8**	**62.7**
Provisions to other bank connections	-5.6	-5.8
Other expenses comissions and fees	-55.6	-51.8
Total expenses commissions and fees	**-61.2**	**-57.6**
Net commissions and fees	**7.6**	**5.1**

Note 7 – General administrative expenses and other expenses

Amounts in NOK million	2024	2023
Direct marketing expenses	-21.8	-22.6
IT-expenses	-52.6	-61.3
Other general administrative expenses	-57.6	-51.3
Total general and administrative expenses	**-132.0**	**-135.3**
Insurance	-0.9	-1.8
External audit and related services	-2.7	-3.0
Other consultants	-28.3	-30.0
Other expenses	-8.3	-12.7
Total other expenses	**-40.2**	**-47.6**

Note 8 – Subsequent events

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