Annual Report 2023

MORROW

morrowbank.com

Morrow Bank is a modern and fully digital bank with 10 years of expertise in loans and credit. Today, we have customers in Sweden, Norway, Finland, and Germany, offering various loan products, credit cards, savings accounts, and insurance. At Morrow Bank, we aim to help you look optimistically towards tomorrow, no matter what it may bring, which is also where we drew inspiration for our name. It's a former spelling of the word "tomorrow," which means "the day after today" or "in the future."

Content

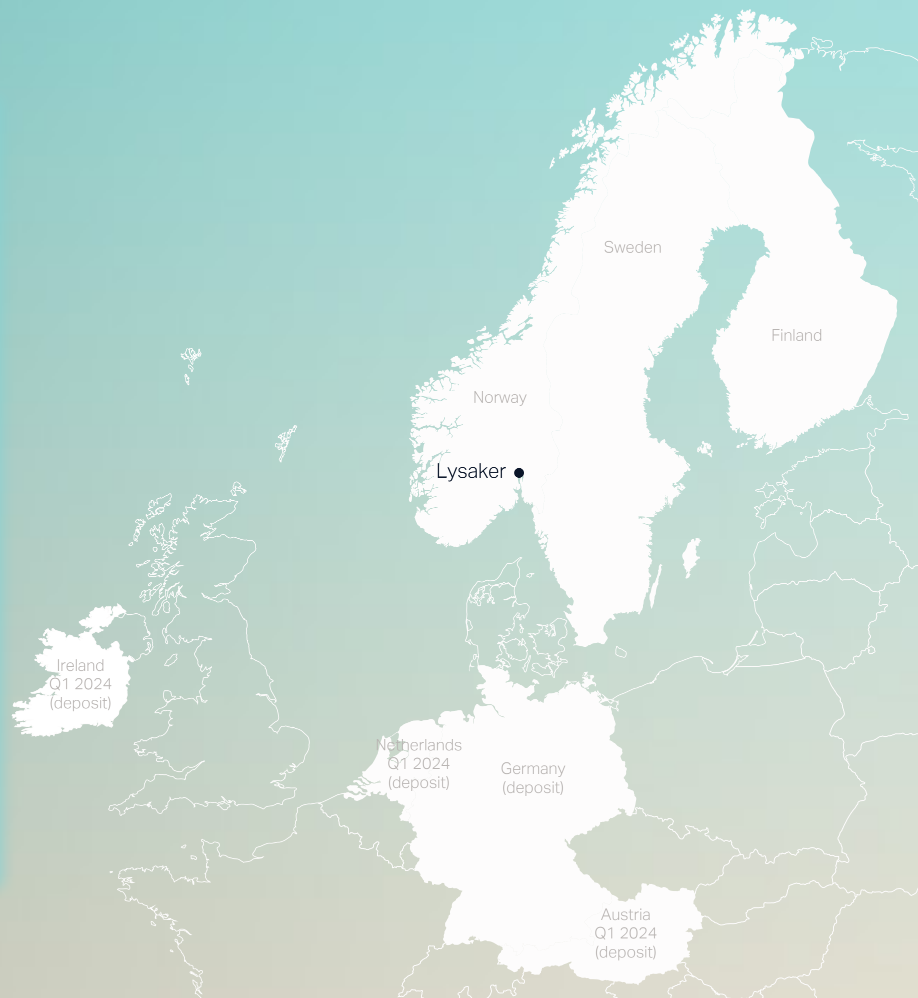
Morrow Bank in brief

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

Consumer loans	Credit cards	Deposit accounts
104 thousand customers	62 thousand customers	56 thousand customers
10,904 NOK million net loans	885 NOK million net loans	11,096 NOK million deposits

Digital and scalable organisation headquartered in Lysaker, outside Oslo

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



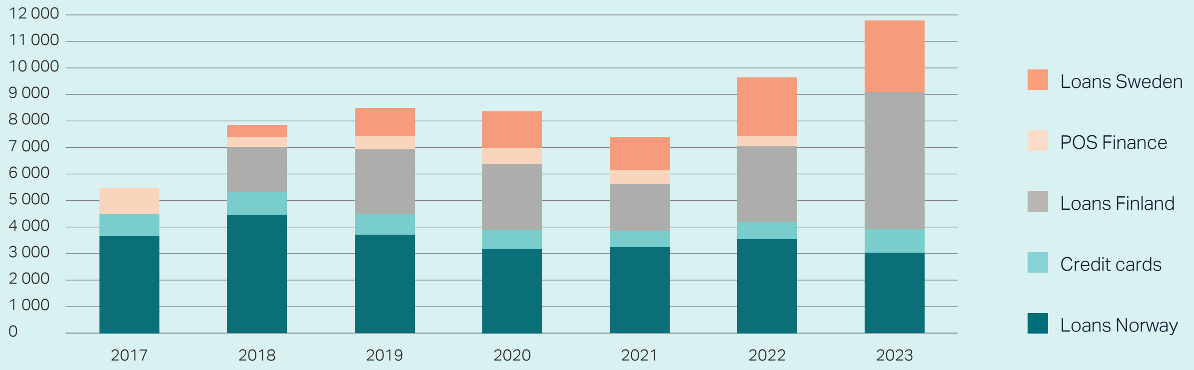
Morrow Bank's strategic roadmap for geographical and product-wise expansion:

	Consumer loans	Credit cards	Deposit accounts
Norway	✓ Q1 2014	✓ Q4 2015	✓ Q1 2014
Finland	✓ Q1 2017	✓ Q2 2019	-
Sweden	✓ Q1 2018	✓ Q1 2019	✓ Q1 2020
Other **EU**	-	-	✓ Q4 2018 (EUR)

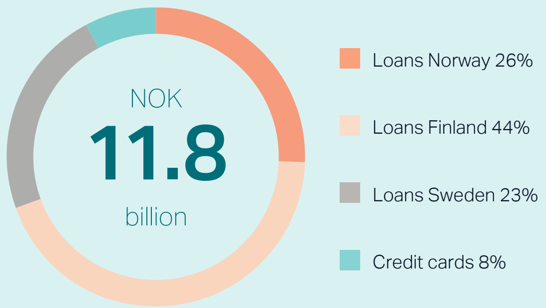
2023 in numbers

At the end of 2023, Morrow Bank had NOK 11.8 billion in gross loans and around 165 thousand lending customers spread across various products and markets. The Bank is well-capitalized with a common equity tier 1 capital ratio of 20.0% as of 31 December 2023.

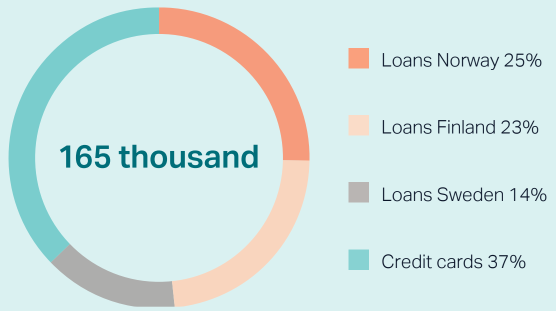
Gross loans (NOK million)



Gross loan distribution by product



Customer distribution by product

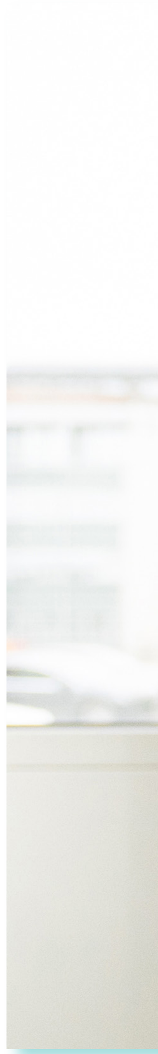


Gross loan growth	Gross loan (NOK billion)
21.6%	11.8
CET ratio	**Capital ratio**
20.0%	23.6%

Key figures

Figures in NOK million	2023	2022	2021	2020	2019
P&L items					
Net interest income	1,020	793	884	1,069	1,115
Total income	1,054	801	876	1,100	1,176
Operational expenses	-321	-507	-415	- 388	- 442
Losses on loans	-527	-292	-739	- 364	- 454
Profit after tax	152	1	-209	263	203
Earnings per share (NOK)	0,62	-0,07	-1,19	1,36	1,11
Balance sheet items					
Gross loan to customers	11,789	9,640	8,220	9,507	9,306
Net loans to customers	11,076	9,111	7,398	8,361	8,496
Deposits from customers	11,096	9,348	7,934	8,992	8,520
Total equity	2,279	1,953	1,964	2,304	1,850
Other key figures					
CET1 ratio	20.0%	20.5%	20.7%	22.7%	21.2%
Total capital ratio	23.6%	23.6%	24.0%	26.3%	22.4%
Cost/income ratio	30.4%	63.3%	47.4%	35.2%	37.6%
Loan loss ratio	4.3%	3.3%	9.4%	4.3%	5.6%
Return on equity (ROE) adj	7.0%	-0.8%	6.5%	14.7%	17.2%
Price per share (NOK)	3.9	4.8	7.7	9.0	12.5
Number of shares (million	229	187	187	187	184
Market cap (NOK million)	895	900	1,447	1,680	2,298

Letter from the CEO



Profitable and scalable

Harnessing the solid platform that we have established while maintaining a good balance between growth, profitability, and risk management is our top priority for 2024.

As one of the leading consumer banks in the Nordics, Morrow Bank's mission is to help our customers look optimistically at tomorrow, regardless of what may come.

Having delivered on our strategic initiatives and goals for 2023, we have every reason to be optimistic about the Bank's future.

At the beginning of 2022, Morrow Bank's management laid out a plan to develop a bank platform fit for the future. This plan encompassed three key pillars:

- Enhance the customer journey
- Streamline processes and the organisation
- Build a scalable technology platform.

Looking back on the past 24 months, we can confirm that we have delivered on the initiatives we laid out—and operationally, the results have clearly exceeded our expectations.

Our ambition was to achieve an annual loan growth of around 15% and a cost income ratio of under 35% by the end of 2024. By the end of 2023, we had surpassed these goals one year ahead of schedule, with an annual growth of around 20% during the period and a cost income ratio as low as 28% in the fourth quarter.

These results would not have been achievable without a competent and highly motivated team capable of working well together.

As part of building our culture and team spirit, we developed a new profile for our bank last year. The new name, Morrow Bank, hints at tomorrow. Furthermore , we are creating various arenas for collaboration and continuous improvement for all our 74 employees, and along with the new brand, this is providing us with a strong platform for developing forward-looking initiatives.

Despite tightening our credit policy last year, in what was a turbulent year marked by the tragic war in Ukraine as well as increased interest rates and living costs, demand for our products remained strong. We managed to grow our loan portfolio by over 20% to nearly NOK 12 billion, while the credit quality for new loans has

> "We aim to further increase the Bank's margins while maintaining strong control of credit risk"

improved—laying the foundation further improving profitability in the coming years.

As we enter a new year, we anticipate continued growth in demand for consumer financing in the Nordics. Additionally, we see inflation trending down, which we expect will strengthen household finances going forward.

This provides a promising backdrop for stable growth with healthy credit quality, something we have placed great emphasis on in the past year. This is also reflected in the credit profile of our customers:

The average loan at Morrow Bank is now at around NOK 150,000, and the average income for our customers is above the average income for the countries in which we operate.The average age of our customers is over 40 years, and more than half own their own homes.

While we are pleased with what we have achieved over the last two years, we still have room for improvement. We have therefore set ambitious goals for the coming two-year period, aiming for an annual loan growth of around 10%, a further two percentage point reduction in the cost income ratio, and an increase in the risk-adjusted margin to 4.5-5.0% up from 3.7% at the end of last year. The main driver for the latter is lower loan losses—supported by the fact that our new loans have around a 15% lower probability of default than loans the Bank issued before last year's tightening of credit policy.

Taking all this into consideration, gives us confidence that we can lift return on equity to 10-12% from the current 7% in 2023. For comparison, had we been subject to the same regulatory requirements as similar Swedish banks, we could achieve returns of 15-18%.

With a forward-thinking team, efficient customer processes, and a scalable bank platform in place, Morrow Bank is well positioned for tomorrow.

Øyvind Oanes, CEO

Shareholder information

Morrow Bank strives for nondiscriminatory sharing of information in all dealings with the financial market to develop and maintain trust. Furthermore, the Bank's intention is to ensure that shareholders, investors, and analysts have sufficient information to assess the correct pricing of the Bank's shares.

Investor information such as annual and interim reports, presentations, and financial calendars are made available on Morrow Bank's website simultaneously with their release to the market.

For further information about the company's stocks, please refer to Morrow Bank's website under Investor Relations: ir.morrow-bank.com.

The share

Morrow Bank is listed on the Oslo Stock Exchange under the ticker symbol MOBA. As of 31 December 2023, there were 229,364,132 shares issued with a nominal value of NOK 1. Apart from redemptions related to the Bank's option program and exercised subscription rights, the Bank conducted two issuances in 2023 totaling NOK 200 million, in addition to the initial public offering in November 2017 when the Bank was listed on the Oslo Stock Exchange.

The market value of the company at the end of 2023 was NOK 0.9 billion, the same as at the end of 2022. This corresponds to 0.4 times the book value of equity in the Bank as of 31 December 2023.

The stock price at the end of 31 December 2023, was NOK 3.90 compared to NOK 4.80 at the end of 2022. This corresponds to a return of -18.8%. The stock price reached its highest value at NOK 5.86 in February 2023, while the lowest price at NOK 3.35 was recorded in October 2023.

Shares in the company were traded on 251 out of Oslo Børs' 257 trading days, with an average of 102,814 shares traded per day, equivalent to 25.8 million shares. This results in a turnover rate of 12% of the total average number of issued shares.

Voting rights

Morrow Bank has one class of shares where all shareholders have equal rights, and the shares are freely transferable. Shareholders have the right to vote for the number of shares they own, as registered in the Central Securities Depository (VPS) at the time the general meeting is held.

Dividend Policy

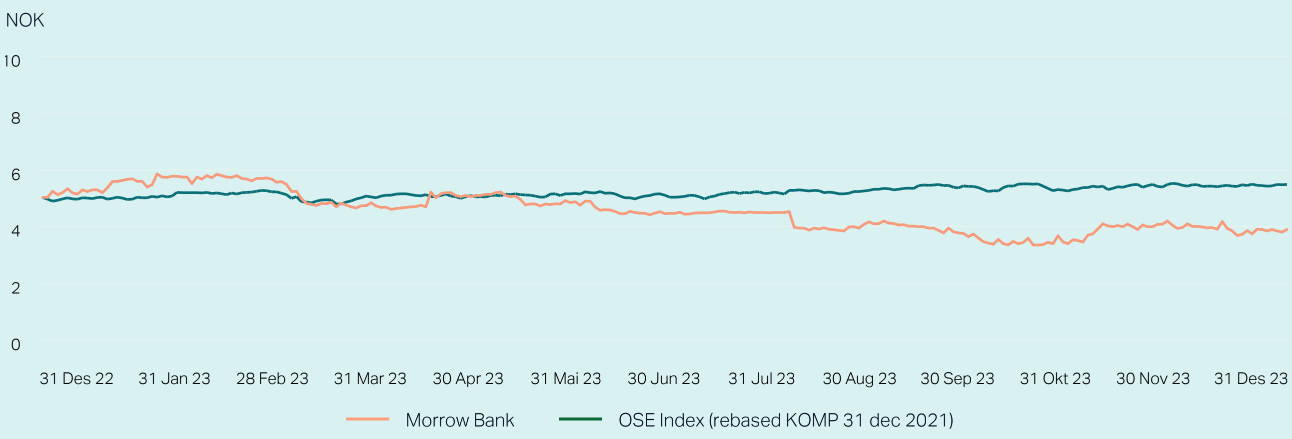
Morrow Bank's board has adopted a dividend policy to ensure that the Bank has sufficient capital to grow in selected markets according to the Bank's strategy. Available capital beyond this will be returned to shareholders in the form of dividends. Morrow Bank paid its first dividend in April 2021, equivalent to NOK 0.42 per share. No dividend is proposed for the financial year 2023.

Shareholder Overview

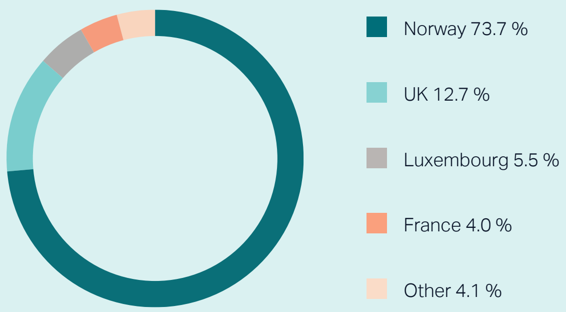
Morrow Bank had a total of 3,195 shareholders at the end of 2023, with the top 10 owning 53.1% of the shares. The majority of the Bank's shares are owned by Norwegian investors. At the end of 2023, 169,079,987 shares were owned by Norwegian investors and 60,284,145 shares were owned by foreign investors. This results in a foreign ownership percentage of 26.3%.

Kistefos is the largest shareholder in Morrow Bank with a holding of 55.3 million shares, equivalent to 24.1% of the total issued shares at the end of 2023.

Relative share performance



Geographical distribution of shareholders as of 31 December 2023



Largest shareholders as of 31 December 2023

	Number of shares (thousands)	Ownership (%)
Kistefos AS	44,927	19.6 %
UBS AG	19,716	8.6 %
Alfab I AS	11,072	4.8 %
DNB Bank ASA	10,226	4.5 %
The Bank of New York Mellon SA/NV	9,076	4.0 %
Skandinaviska Enskilda Banken AB	7,800	3.4 %
The Bank of New York Mellon SA/NV	5,843	2.5 %
Melesio Invest AS	4,607	2.0 %
AS Audley	4,346	1.9 %
OM Holding AS	4,209	1.8 %
Total	**121,821**	**53.1 %**

Analysts

Below is an overview of brokerage firms that cover Morrow Bank's stock, including the names of analysts and contact information. The brokerage firm that provides coverage on Morrow Bank's stock may vary over time. Therefore, please refer to the updated list on the Bank's website under Investor Relations: ir.morrowbank.com.

Company	Analyst	Phone	Email address
ABG Sundal Collier	Jan Erik Gjerland	+47 22 01 61 16	jan.gjerland@abgsc.no
Pareto Securities	Vegard Toverud	+47 22 87 88 24	vegard.toverud@paretosec.com

Board of Directors

Stig Eide Sivertsen

Chair of the board

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

Bodil Palma Hollingsæter

Vice chair of the board

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

Nicolai Lunde

Member of the board

Nicolai Lunde has been working as an analyst at Kistefos AS since 2022. Before that, he worked for 5 years at Bank Norwegian as Head of Analysis, 3 years at EY (Ernst & Young) as a senior consultant in Financial Services Risk management and internal audit. He also has 4 years of experience from Nordea in advisory and analyst roles. Lunde holds a Master of Science from Cass Business School (2014) and a Master of Arts in Business & Finance from Heriott Watt University (2013).

Anna-Karin Østlie

Member of the board

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

Thomas Bjørnstad

Member of the board

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

Jonna Kyllönen

Member of the board

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

Per Olav Mikaelsen

Member of the board

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

Management

Øyvind Oanes

Chief Executive Officer

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

Eirik Holtedahl

Chief Financial Officer

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

Martin Valland

Chief Technology Officer (interim)

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

Wilhelm B. Thomassen

Chief Operating Officer

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

Annika Ramstedt

Chief Credit Risk Officer

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

Tony Rogne

Chief Commercial Officer

Mr. Rogne started in Morrow Bank in December 2023. Previous to this he was the Nordic Head of Consumer lending in Santander Consumer Bank.Mr. Rogne has over 18 years of experience working with consumer finance, and have an extensive background within the fields of Consumer loans, Credit cards, Sales Finance, Auto loans and deposits,. Mr. Rogne holds a Master of Marketing management degree from BI Norwegian Business School.

Corporate governance

Norwegian Code of Practice for Corporate Governance

1. Statement of corporate governance
Good ownership and corporate governance are a priority area for the board of Morrow Bank ("the Bank"). The Bank aims to maintain high standards of ownership and corporate governance, considering this as a crucial precondition for long-term value creation.

As a Norwegian public limited company listed on the Oslo Stock Exchange (ticker MOBA), Morrow Bank is subject to requirements under the Norwegian Accounting Act §3-3b as well as the Oslo Stock Exchange's "ongoing obligations for listed companies" regarding annual disclosure of principles and practices for corporate governance. The Bank adheres to the Norwegian Recommendation for Corporate Governance (the "Recommendation"), established by the Norwegian Committee on Corporate Governance (NUES) on 14 October 2021. The application of the Recommendation is based on the "comply or explain" principle, meaning that any deviations from the Recommendation should be explained.

Morrow Bank's board and management conduct an annual review of the Bank's principles and practices regarding corporate governance. This report outlines Morrow Bank's principles for corporate governance and how the Bank complies with the Recommendation. There are no significant deviations between the Recommendation and Morrow Bank's practices.

2. Operations
Morrow Bank may, within the framework of the legislation applicable at any given time, conduct all business and services that are customary or natural for banks to perform. This is stated in the Bank's articles of association, which are available at ir.morrow-bank.com.

Primarily, Morrow Bank offers unsecured financing to individuals who are deemed qualified after undergoing a credit assessment.

Furthermore, Morrow Bank follows a growth strategy based on geographical expansion in the Nordic region, offering its loan products to individuals in Norway, Finland, and Sweden. Credit cards are offered in Norway, Finland, and Sweden, while deposit accounts are available to private customers in Norway, Sweden, and Germany.

The board sets clear goals, strategies, and risk profiles for the Bank with the aim of creating value for its stakeholders. The Bank's goals, strategies, and value creation are reviewed annually by the board and communicated to the market through annual and quarterly reports.

Additionally, Morrow Bank has developed a range of guidelines to guide the board, management, and employees in their daily work, as well as to contribute to building trust and credibility internally and externally. This includes, but is not limited to, guidelines for ethics, anti-corruption and anti-money laundering, data security, and whistleblowing.

The corporate governance at Morrow Bank is designed to contribute to achieving the Bank's strategic goals, in line with the assumptions described in the Bank's values and ethical guidelines. A clear organizational structure has been established with clearly defined areas of responsibility that contribute to comprehensive governance of the Bank.

The Bank's goals, strategies, and risk profile are described in the annual report for 2023, along with a statement regarding the Bank's efforts related to sustainability (ESG).

3. Share capital and dividends
The board of Morrow Bank conducts an ongoing assessment of the Bank's capital position in light of regulatory requirements, the Bank's objectives, strategy, and desired risk profile. Morrow Bank aims to maintain a total capital adequacy ratio of 20.6%, including a common equity tier 1 capital ratio of 17.1%, to provide flexibility in achieving the Bank's financial goals.

As of 31 December 2023, Morrow Bank had equity of NOK 2,278.9 million. According to prescribed calculation rules for capital adequacy for financial institutions, Morrow Bank's total capital adequacy ratio was 23.6%, while the common equity tier 1 capital ratio was 20.0%. The requirement for common equity tier 1 capital is 16.1%, and the Board considers the Bank's capital position to be satisfactory.

Morrow Bank's board has adopted a dividend policy to ensure that the Bank has sufficient capital to grow in selected markets according to the Bank's strategy. Any available capital beyond this will be returned to shareholders in the form of dividends. In 2021, for the financial year 2020, Morrow Bank paid a dividend of NOK 0.42 per share, totaling NOK 78.5 million.

The board of Morrow Bank proposes that no dividends be paid for the financial year 2023..

Board authorisations
At the ordinary general meeting on 13 April 2023, four authorizations were granted to the board with defined purposes. Each authorization was voted on separately:

- Authorization to increase the Bank's share capital by up to NOK 4 million in connection with the Bank's employee stock option program. As of 31 December 2023, the authorization has been partially utilized. The authorization is valid until the Bank's ordinary general meeting held in 2024, but no later than 30 June 2024.

- Authorization to issue contingent capital approved as additional tier 1 capital and/or contingent loans approved as supplementary capital for up to NOK 200 million. The authorization runs until the ordinary general meeting held in 2024. As of 31 December 2023, the authorization has been partially utilized.

- Authorization to purchase own shares for up to NOK 10 million to optimize the Bank's financial structure. The authorization is valid until the Bank's ordinary general meeting held in 2024, but no later than 30 June 2024. As of 31 December 2023, the authorization has not been utilized.

- Authorization to increase the Bank's share capital by up to NOK 41,155,261, equivalent to approximately 20% of the Bank's share capital. The authorization is valid until the Bank's ordinary general meeting held in 2024, but no later than 30 June 2024. As of 31 December 2023, the authorization has been partially utilized.

4. Equal treatment of shareholders and transactions with associat
The board and management of Morrow Bank emphasize that all shares in the Bank should be treated equally and have the same opportunity for influence. Morrow Bank has one class of shares, and each share carries one vote.

Transactions involving the Bank's own shares are conducted either on the stock exchange or through other means at market price. In cases of increases in share capital, existing shareholders of the Bank have preferential rights. Any deviation from the principle of preferential rights will be justified in a stock exchange announcement related to the capital increases. There were two such instances in 2023: on 16 February 2023, and 14 June 2023, when the Bank conducted share issuances.

As a supplement to the board instruction, Morrow Bank has developed guidelines for transactions with related parties. This includes ensuring that transactions with related parties are conducted at arm's length and on market terms. For significant transactions between the Bank and related parties, an independent valuation is required, which should be made known to the shareholders. As of 31 December 2023, Morrow Bank had no such agreements..

5. Shares and negotiabilit
Morrow Bank's shares are listed on the Oslo Stock Exchange under the ticker "MOBA" and are freely tradable. The articles of association do not contain any restrictions related to owning, trading, or voting for the Bank's shares.

6. General Assembly
Through the general meeting of Morrow Bank, the shareholders exercise the ultimate authority in the Bank. According to the articles of association, the ordinary general meeting shall be held annually by the end of April.

Notice of general meetings, as well as the attendance form and proxy form, are made available on Morrow Bank's website (ir.morrowbank.com) and newsweb.no at least 21 days before the general meeting. Shareholders who wish to attend the general meeting must submit the attendance form or proxy form as indicated in the notice. The procedure for voting, including the procedure for attending with a proxy, and shareholders' right to propose alternatives to the board's proposals on the agenda items to be addressed at the general meeting, shall be explained in the notice.

According to Morrow Bank's articles of association, the chairman of the board opens the general meeting and facilitates the election of an independent chairman. Board members and the auditor are also required to attend the ordinary general meeting. Board members have the right to be present and speak at the general meeting. The chairman of the board and the CEO are obliged to be present unless there is a valid reason for absence, in which case a substitute shall be appointed.

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

Decisions are made by a simple majority unless otherwise provided by law or the articles of association. In 2023, the ordinary general meeting was held on 13 April, with 35.95% of the total outstanding shares and votes represented. Bodil Palma Hollingsæter was re-elected as the vice-chair of the board. In addition, Thomas Bjørnstad was re-elected as a board member for 2 years. Nicolai Lunde was elected as a board member for 1 year.

7. Nomination committee

In accordance with the articles of association, the Bank has established a nomination committee consisting of three members. The members are elected by the general meeting for a two-year term. As of 31 December 2023, the nomination committee consists of:

- Tom O. Collett (Chair, up for election in 2024)
- Nils J. Krogsrud (up for election in 2025)
- Nishant Fafalia (up for election in 2025)

All three members are considered independent of the board and management in accordance with Chapter 7 of the recommendation. Board members, the CEO, and other members of the Bank's executive management cannot be elected as members of the nomination committee.

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

The nomination committee's tasks include proposing candidates for the election of board members and providing recommendations on remuneration for members of the board and its subcommittees, as well as the nomination committee itself. The nomination committee reviews the report from the board's annual self-assessment.

The nomination committee is required to account for its work and present its reasoned recommendation to the general meeting. The recommendation should include relevant information about the candidates and an assessment of their independence from the company's management and board. The nomination committee should engage with shareholders, board members, and the CEO in proposing candidates for the board and should anchor its recommendation with the Bank's largest shareholders.

The nomination committee's reasoned recommendation to the general meeting shall be made available no later than 21 days before the general meeting is held. The nomination committee's recommendations must comply with the requirements for the composition of the board as stipulated by applicable laws and regulations at any given time.

8. Board of directors, composition and independence

According to the current articles of association, the Bank's board shall consist of five members, all of whom are elected by the general meeting, along with two employee representatives elected from and among the Bank's employees. The board collectively shall possess the expertise necessary to fulfill its duties based on the Bank's organization and operations. At least one of the board members shall have expertise in accounting or auditing. Two of the board's elected members shall, according to the current articles of association, be employees of the Bank. For these members, two personal alternate members shall be elected with the right to attend and speak at board meetings.

The general meeting elects the chairman and vice-chairman of the board. Board members are normally elected for two-year terms. The majority of the shareholder-elected members of the board are independent of senior management and significant business relationships, and at least two of the shareholder-elected members are independent of the Bank's major shareholders.

In 2023, the board held 22 meetings. The audit and risk committee held 7 meetings..

AS AT 31 DECEMBER 2023, THE BANK'S BOARD OF DIRECTORS CONSISTED OF THE FOLLOWING MEMBERS:

Name	Role	Assessed as independent from the largest shareholders.	First time elected.	Up for election.	Participation in board meetings in 2023.	Number of shares in Morrow Bank (direct/ indirect)
Stig Eide Sivertsen[1]	Chair	Yes	2018	AGM 2024	22	400,000
Bodil Palma Hollingsæter[1]	Vice Chair	Yes	2014	AGM 2025	21	740,394
Anna Karin Østlie	Board Member	Yes	2022	AGM 2024	18	90,909
Nicolai Lunde[2]	Board Member	No	2023	AGM 2024	12	0
Thomas Bjørnstad[1]	Board Member	Yes	2022	AGM 2025	22	102,727
Jonna Kyllönen	Employee elected	Yes	2020	2024	22	17,589
Per Olav Mikaelsen	Employee elected	Yes	2022	2024	21	10,000

[1] Stig Eide Sivertsen owns 100% of Theoline AS, which owns 400,000 shares in Morrow Bank ASA. Bodil Palma Hollingsæther owns 50% of To & Bo AS, which owns 659,117 shares in Morrow Bank ASA. Anna Karin Østlie owns 50% of Muzungu Invest AS, which owns 90,909 shares, and Thomas Bjørnstad owns 100% of Mirapiedra Holding AS, which owns 102,727 shares in Morrow Bank ASA

[2] Nicolai Lunde was elected to the board by the general meeting held in April 2023.

Information about the board members' background and expertise is available on Morrow Bank's website: ir.morrowbank.com/corporate-governance/board-of-directors/

9. The work of the Board of Director

The board of Morrow Bank is responsible for ensuring the proper organization of the business. The board sets plans and budgets, as well as guidelines and necessary authorizations for the Bank's operations, and ensures that the company has appropriate risk management and internal control systems. The board stays informed about the company's financial position through reviews and approval of quarterly and annual reports, as well as monthly reviews of Morrow Bank's financial position and development.

The board monitors and manages the Bank's overall risk. Furthermore, the board regularly assesses whether the Bank's governance and control arrangements are adapted to the level of risk and the scope of the business.

The board has established rules governing its responsibilities and tasks, including matters to be considered by the board and procedural rules. In accordance with Chapter 9 of the recommendation, the board's rules include a description of how the board and the executive management should handle agreements with related parties. The board should disclose such agreements in the annual report. The aim is to ensure that the company is aware of potential conflicts of interest and thoroughly evaluates such agreements to prevent the transfer of value from the company to related parties. An annual evaluation of the board's work and competence is conducted, and the results are reported to the nomination committee. The board also sets an annual plan for its work.

The board has also established instructions for the Bank's executive management. The CEO is responsible for ensuring that the board's established goals, frameworks, guidelines, and authorizations for the Bank's risk management and internal control are implemented, including ensuring that senior management conducts and documents necessary internal control measures to identify, measure, follow up, and control risks, and provides the board with relevant and timely information significant for the Bank's risk management and internal control. The CEO is also responsible for ensuring compliance with the Bank's policies and guidelines, as well as the board's decisions.

The Bank has adopted specific procedural rules regarding reporting and impartiality where board members and/or management have personal or financial interests in transactions entered into by the Bank. Before a matter of particular significance to board members or individuals in management, or their close associates, is addressed, the individual not entitled to participate in the consideration or decision of the matter should report this and refrain from further consideration of the matter. This is also in line with the Bank's ethical guidelines.

Board committees

The board has established an audit and risk committee consisting of three external board members, with the CEO and CFO participating from the administration. The committee conducts thorough assessments of the Bank's risk management and internal control, as well as the Bank's financial position, including financial reporting. The audit and risk committee further ensures that the Bank has independent and effective external and internal audits and satisfactory financial reporting in accordance with laws and regulations. At the end of 2023, the committee consisted of Bodil Palma Hollingsæter (Chair), Stig Eide Sivertsen, and Nicolai Lunde. The audit and risk committee held 7 meetings in 2023.

The board has also established a remuneration committee consisting of up to 2 board members and 1 employee representative, independent of the company's management. The remuneration committee is responsible for preparing and proposing Morrow Bank's compensation scheme to the board and ensuring that it contributes to promoting and incentivizing good governance and control of the Bank's risk, mitigates high risk-taking, and helps avoid conflicts of interest. The compensation scheme is designed in accordance with the current requirements for financial institutions in laws and regulations. In accordance with the Public Limited Companies Act § 6-16a, the board prepares a statement on the determination of salaries for the CEO and other senior executives. At the end of 2023, the remuneration committee consisted of Stig Eide Sivertsen (Chair), Anna Karin Østlie (Member), and Jonna Kyllönen (employee at Morrow Bank). A leadership compensation report is prepared in accordance with the Public Limited Companies Act §6-16b and is published concurrently with the annual report on ir.morrowbank.com.

10. Risk management and internal control

Risk management and internal control are central to Morrow Bank's strategy and operations. The Bank has implemented guidelines and procedures to ensure that risk management and internal control are appropriate and adequate given the level of risk and the scope of the business.

The board of Morrow Bank is responsible for ensuring that the Bank has a responsible capital level in accordance with the approved risk profile and regulatory requirements. Risk management and internal control also form an important part of the Bank's assessment of its capital needs in the short and long term, where risks associated with the business and potential risks are considered as part of the assessment.

Risk management and internal control in the Bank are intended to ensure the achievement of the Bank's strategic objectives while ensuring sound financial stability. This goal is achieved through:

- A strong organizational culture characterized by a high awareness of risk.
- A good understanding of revenue-generating risks, including the ability to manage within the risk profile defined by the board.
- Strive for optimal capital utilization within the approved business strategy.

- Avoid unexpected events that could have a significant negative impact on the Bank's financial position or reputation.

Since Morrow Bank primarily generates revenue through credit exposure in the consumer market for unsecured credit, the guidelines indicate that Morrow Bank's risk appetite for credit risk is higher than the risk appetite for liquidity, market, and operational risks.

Morrow Bank has established ethical guidelines that apply to all employees, as well as a framework for risk management and internal control, which includes guidelines for anti-corruption and anti-money laundering, data security, accounting reporting, and handling of insider information. Morrow Bank is subject to statutory supervision in the countries where it operates licensed activities, including supervision by the Financial Supervisory Authority in Norway, in addition to control by the Bank's own control bodies and external auditors.

Risk mangement and internal control
The responsibilities of the Board and the Chief Executive Officer are defined in the respective board instructions and CEO instructions. Additionally, the Bank has a clear organizational structure with clearly defined roles and responsibilities for the Bank's risk management and internal control.

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

The responsibility for the Bank's independent control functions for risk management and compliance with requirements set forth in or pursuant to law or regulation lies with the Bank's risk control function and compliance function, respectively. The risk control function ensures that all significant risks in the company are identified, managed, and reported by the relevant units in Morrow Bank. The risk control function reports directly to the board in cases where the board does not receive necessary information in the regular internal reporting or in cases where identified risks significantly affect or may affect the Bank negatively. The compliance function is responsible for conducting independent control, providing advice, reporting, and following up on the Bank's compliance with regulatory and internal requirements, reporting directly to the CEO and the board.

Morrow Bank has established an Asset and Liability Management Committee (ALCO) that oversees the overall management of the Bank's liquidity risk level. The committee prepares proposals to the board regarding changes in the Bank's financial policy, decides on investment strategies, and changes in the terms of the Bank's deposit products. Additionally, it monitors internal control and reporting. The committee also has the responsibility of preparing matters for the board regarding the internal capital and liquidity assessment process (ICAAP/ILAAP), including assessing capital needs, as well as the Bank's contingency and liquidity recovery plan. The committee consists of the CEO, CFO, Chief Credit Officer, and Chief Commercial Officer. The ALCO is chaired by the CFO. The Head of Risk Management Function has the right to attend meetings but does not have voting rights.

The CEO, CFO, Chief Credit Officer, and Chief Commercial Officer constitute Morrow Bank's Credit Committee. The heads of the Compliance and Risk Management functions have the right to attend meetings but do not have voting rights. The committee is chaired by the Chief Credit Officer. Among its responsibilities, the Credit Committee sets forth proposals to the board regarding changes to the Bank's credit policy, decides on the delegation of credit authorities, and modifies or establishes new credit procedures and processes. Additionally, the committee oversees internal control and provides regular reports on the Bank's exposure and management of credit risk.

The board established an internal audit function in 2019 as part of efforts to ensure good internal control and risk identification. EY was chosen as the independent internal auditor. The role of internal audit is to verify that the Bank is organized and operated in a prudent manner and in compliance with applicable requirements for its operations. Unsatisfactory matters are to be reported to the Audit and Risk Committee and the CEO. Internal audit conducts its review according to the annual audit plan approved by the board and the instructions set forth by the board.

Financial reporting
Morrow Bank's CFO is responsible for the finance department, maintaining continuous oversight of the Bank's financial position, preparing financial statements and reports, including regulatory reporting, and ensuring ongoing management and control of the Bank's overall liquidity and financial risks. The CFO is also responsible for ensuring that accounting practices comply with applicable regulations, including IFRS.

The board receives periodic reports on the company's financial results, as well as quarterly reports in connection with the Bank's earnings releases. The auditor participates in meetings with the Audit and Risk Committee and the board meeting related to the presentation of preliminary annual financial statements.

The finance department is responsible for risk management related to market risk, liquidity risk, financial risk, and counterparty risk outside of lending activities. The finance department ensures compliance with risk decisions made in the Bank's financial policy, which is approved by Morrow Bank's board. The policy sets the framework for what the board considers an acceptable risk profile and contributes to suitable risk management and internal control, thereby ensuring regular reporting and monitoring. Information on the Bank's most significant risk factors is described in the board's annual report and notes 15, 16, and 17 to the annual financial statements.

11. Remuneration to the board

The remuneration of the board is determined by the general meeting based on a recommendation from the nomination committee. Board remuneration is not performance-based or tied to the market performance of the Bank's shares. Options are not granted to board members, and the shareholder-elected board members do not have agreements for pension plans or severance pay from the company. None of the shareholder-elected board members have roles within the Bank beyond their board duties.

Note 20 of the annual financial statements provides details regarding remuneration to the board.

12. Remuneration to senior executive

The Bank has established guidelines for remuneration to its senior executives, as well as other employees with tasks of significant importance for the company's risk exposure. The purpose of these guidelines is to promote and incentivize good governance and control of the Bank's risk, mitigate high risk-taking, and avoid conflicts of interest. The Bank's guidelines for remuneration to senior executives are described in Note 20 of the 2023 annual financial statements and are annually presented for consideration by the general meeting. It is clearly stated which guidelines are advisory for the board and which are binding. The general meeting votes separately on the two parts of the guidelines.

Remuneration to senior executives consists of fixed salary, variable compensation, as well as pension and insurance schemes. The remuneration scheme is intended to motivate for long-term value creation and prudent risk-taking in the Bank. The board conducts an annual assessment of the maximum level for variable compensation to senior executives. For 2023, variable compensation is capped at 50% of the fixed salary. Half of the compensation is awarded as options in Morrow Bank ASA, which are vested at equal amounts annually over 3 years, starting one year after the award.

The remuneration is determined based on a holistic assessment, considering both quantitative and qualitative factors related to the individual's role and responsibilities, as well as the Bank's performance, risk profile, and value creation over time. Morrow Bank's variable compensation scheme is designed in accordance with current requirements for compensation schemes for banks.

Senior executives were granted free-standing subscription rights at an extraordinary general meeting in March 2023. The purpose of granting subscription rights is to attract and retain the right individuals by offering competitive terms. Subscription rights are intended to be an integral part of the executive team's fixed compensation. The subscription rights are not performance-based but are intended to ensure stability and long-term commitment. Separate rules for each subscription rights program are to be developed and adopted by the board.

The Bank has also established a stock option program for its employees. The option program is based on the employee's base salary and other variable compensation, with the possibility of receiving options for up to 33% of the base salary. The stock options are granted at full market value at the time of allocation based on the trading price according to the Black & Scholes option pricing model. Regarding the base salary, employees, within intervals based on their position in the Bank, can choose the proportion of their salary to be given in stock options. The option program is reviewed and evaluated annually by the Bank's board.

13. Information and communicatio

Morrow Bank has adopted an Investor Relations policy to ensure that the financial market and shareholders have sufficient information about Morrow Bank to assess proper pricing. This policy is available on the website www.ir.morrowbank.com. The Bank will strive to ensure non-discriminatory sharing of information when in contact with shareholders and analysts. Communication with shareholders, investors, and analysts is a priority for the Bank. Primarily, it is the CEO and CFO who speak on behalf of the Bank to the capital market.

Investor information such as annual and interim reports, public presentations, and financial calendars is made available on the Bank's website simultaneously with their release to the market. Stock exchange announcements are published via Oslo Børs' official communication channel for listed companies, Newsweb.

The board has also established guidelines for the Bank's contact with shareholders outside of the general meeting.

14. Company acquisition

Anyone wishing to acquire ownership of a qualifying ownership interest (10% or more) in a financial institution must notify the Financial Supervisory Authority (Finanstilsynet) in advance. The acquisition of a qualifying ownership interest can only be carried out with permission from Finanstilsynet. The Bank has developed guidelines for any takeover bids, and Morrow Bank's board will handle any offers in accordance with these guidelines.

15. Auditor

Morrow Bank's external auditor is Pricewaterhousecoopers AS (PwC), chosen by the general meeting. The auditor presents an annual plan for the audit work to the board. The auditor participates in board meetings that deal with the annual financial statements and annually reviews the company's internal controls with the board. According to established board instructions, the board meets with the auditor at least once a year without the CEO or others from the management present. The auditor submits an annual written confirmation of independence and annually reports on any other services provided to the company during the fiscal year besides mandatory auditing.

The Bank has developed its own guidelines for non-audit work performed by the Bank's external auditor.

ESG/Sustainability/CSR report

(ESG – Environmental, Social and Governance)

Introduction
For Morrow Bank, sustainability is about conducting responsible operations in all relevant areas. The Bank's intention is to have as limited negative impact as possible.

The foundation of Morrow Bank's strategy is value creation for all stakeholders. This also guides the Bank's framework for environmental, social, and governance (ESG) factors, goals, and KPIs.

The Bank aims to offer creditworthy individuals simple and intuitive financing services. By providing financial flexibility, Morrow Bank empowers customers to take responsibility for their own situation, in their own way and when they want to.

By being a responsible lender and providing creditworthy individuals with economic flexibility, Morrow Bank contributes to economic activity and growth – something that creates value for society.

The organization and culture of the Bank are key drivers behind its ability to deliver value creation for stakeholders. Four core values describe the Bank's culture and guide the organization's choices when facing opportunities and challenges:

- Flexible
- Ambitious
- Competent
- Efficient

These values – being flexible and open to change, setting ambitious goals, performing competently and efficiently – are, in Morrow Bank's view, a prerequisite for driving continuous improvement, including in the ESG domain.

The board has the overall responsibility for the entirety of Morrow Bank's strategy, corporate social responsibility (CSR), and sustainability efforts. The responsibility for implementation is delegated to the management led by the CEO.

Morrow Bank has adopted ethical guidelines to guide employees in carrying out their assigned tasks. Below, it is explained how the Bank ensures that corporate social responsibility is an integral part of its operations and long-term value creation.

Morrow Bank aims to conduct a dual materiality analysis in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) during 2024. The Bank is classified as a large enterprise and will therefore be subject to the regulations starting from 2025, with the first reporting due in 2026.

Key Sustainability Factors

Morrow Bank has developed a program related to the Bank's corporate social responsibility to enhance the framework for transparent reporting and communication. A materiality analysis has previously been conducted to ensure that Morrow Bank prioritizes the issues most important to the Bank and its stakeholders. This analysis resulted from feedback from external and internal stakeholders regarding their expectations, as well as perceived risk factors and opportunities deemed important for the Bank's long-term value creation. Stakeholders included key partners, investors, employees, and management.

Morrow Bank has identified three focus areas for long-term value creation for all stakeholders:

- Responsible lending practices
- Combating corruption and money laundering
- Data security and customer privacy

These focus areas align with those identified by the Sustainability Accounting Standards Board's Materiality Map (SASB Materiality Map®) as factors likely to impact the financial condition or operating results of companies in the financial sector. This is especially relevant for the consumer finance subsector, along with significant issues highlighted by MSCI ESG Ratings in their overview of the financial sector and the consumer finance subcategory.

Morrow Bank has defined objectives and corresponding key performance indicators (KPIs) for the selected focus areas to contribute to long-term value creation. In 2024, the Bank will conduct a dual materiality analysis in line with the CSRD. This involves reporting on the impact Morrow Bank has on the environment and people around it, as well as how sustainability factors affect the Bank's ability to create long-term value.

Reporting of Future Focus Areas
This report describes the Bank's approach, initiatives, and outcomes within the three previously mentioned focus areas. Other important ESG topics are also addressed in the report. To measure ESG results over time, the Bank has defined three main objectives, each with several associated Key Performance Indicators (KPIs) to ensure goal attainment. The Bank has a zero-vision for certain goals, and as a result, has intensified efforts in these areas to achieve the goals moving forward.

Defined key indicators to measure the ESG results over time

Anti-corruption and money-laundering (AML) training	Responsible lending	Data security and customer privacy
Objective: No well-founded complaints from customers regarding inaccurate, missing, or unclear communication of terms and conditions.	Objective: Adequate competence at all levels to ensure satisfactory risk management.	Objective: Minimal data and GDPR breaches, and minimal improper sharing of personal information.

This report is an integral part of the annual report and reflects the Bank's commitment to integrate corporate social responsibility into all processes and daily operations. It is also in line with the United Nations Sustainable Development Goals (UN SDGs) regarding the adoption of sustainable practices and the integration of sustainability information into the reporting cycle (SDG 12.6).

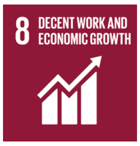
Contribution to the UN Sustainable Development Goals
Morrow Bank aims to be a responsible provider of loans and other financial services and to be a fair, supportive, and non-discriminatory employer. The Bank supports the United Nations Sustainable Development Goals.

Below are described the goals considered to be the most significant for Morrow Bank and where the Bank can have the greatest impact.

In late 2022, the Bank applied to become a member of UN Global Compact Norway, which is the world's and Norway's largest corporate initiative for business and sustainability. The application was accepted in early 2023, and the Bank looks forward to contributing to finding good solutions within sustainability alongside the organization's members. The Bank is scheduled to submit a Communication on Progress (CoP) in spring 2024.

Defined KPIs for measuring its ESG performance over time

Morrow Bank actively promotes equal opportunities and gender balance in the workplace and business environment. Diversity is a separate criterion in new hires. Women and men receive equal pay for equal work they perform (sub-goal 5.1). Morrow Bank promotes employees based on competence and personal qualities. Both men and women are encouraged to take parental leave (sub-goal 5.5). The company offers flexible work arrangements.



Morrow Bank offers secure and meaningful positions in accordance with international and national labor standards. In hiring, the Bank looks for individuals, skills, and personalities that complement any lacking qualities and support Morrow Bank's further development (sub-goal 8.8).

Morrow Bank provides equal pay for equal work and performance (sub-goal 8.5, cf. Sustainable Development Goal 5).

Morrow Bank is an innovation and technology-driven consumer bank with resources and expertise to combat money laundering and terrorist financing. The Bank has systems in place to identify and report potential cases of money laundering and provides regular training to employees and the board on anti-money laundering/counter-terrorism financing (sub-goals 16.5 and 16b).

Sustainable Business

Responsible Lending - Throughout the Credit Lifecycle

Morrow Bank is committed to responsible lending, defined as "acting in the best interest of customers, ensuring affordable pricing, providing transparency in terms and conditions, and supporting borrowers experiencing repayment difficulties." The Bank considers responsible lending as a key factor.

The Board has adopted specific guidelines and procedures for lending activities to ensure these objectives are met. The Bank's internal procedures and processes comply with applicable laws, regulations, and other guidance standards. All customers undergo a credit assessment based on a comprehensive set of data relevant to assessing applicants' financial situations. Morrow Bank does not grant loans or issue credit cards to customers deemed unable to meet their loan obligations. Marketing of the Bank's products complies with legal and regulatory requirements, as well as the industry standard set by the "Financial Companies Association on the marketing of credit cards and consumer loans."

Morrow Bank has implemented the following measures to ensure responsible lending practices throughout the credit lifecycle:

1. Marketing
- Established internal guidelines for responsible sales practices and product labeling
- Ensured that messaging, channels, and the scope of marketing efforts are suitable for attracting creditworthy customers
- Ensured avoidance of misleading marketing
- Ensured that affiliated loan intermediaries adhere to Morrow Bank's sales and product labeling practices

Objective: No well-founded complaints from customers regarding incorrect, missing, or unclear communication of terms and conditions.

KPI: Number of lost cases in the Financial Complaints Board

Result: Two lost cases in the Financial Complaints Board in 2023, compared to none in 2022.

2. Process for Establishing Customer Relationships
- Developed processes and routines in accordance with the requirements of the Bank's credit policy to ensure credit is only extended to creditworthy individuals
- Thorough process for customer onboarding, including both automatic and manual evaluation of applicants' creditworthiness and repayment capacity
- Approximately 80% of all incoming applications were rejected based on the Bank's credit policies and scorecards in 2023. The remaining applicants received a conditional offer. 20% of customers who received a conditional offer were rejected after manual review of the information and documentation submitted by the applicants.
- The Bank has a refinancing product. A prerequisite for offering this solution is that it reduces the customer's overall loan costs.

3. Customer Service
- Well-established internal processes, procedural descriptions, and annual training plans to ensure that the Bank's customers and applicants are handled properly.
- Morrow Bank's customer service is available via email and telephone. Customer service can also be contacted through "My Page," accessible to logged-in customers. Customer service teams are monitored on KPIs based on best practices regarding response and wait times, as well as quality measures.

Combatting corruption and money laundering

Exposure to corruption, money laundering, and terrorist financing is considered significant risks for Morrow Bank and its banking license. The Bank has established systems to identify and report potential transactions related to money laundering and terrorist financing, and provides employees and the board with regular training on combating money laundering/terrorist financing. These activities support Morrow Bank's efforts to achieve UN Sustainable Development Goals 16, sub-goals 16.5 and 16b.

Morrow Bank has board-approved anti-corruption guidelines included in the Bank's Code of Conduct and has further established a comprehensive framework to prevent money laundering and terrorist financing. This includes processes for customer onboarding and risk assessments, review of high-risk customers and accounts, ongoing monitoring of customers and transactions, as well as reporting and follow-up processes. Risk assessment and policies for combating money laundering and terrorist financing are reviewed by the board as needed, at least annually.

Work and procedures related to combating money laundering and terrorist financing have the highest priority. The Bank has a "Financial Crime Prevention" unit responsible for combating money laundering and terrorist financing, as well as fraud management. The department is responsible for customer onboarding and KYC processes (Know Your Customer), as well as ongoing due diligence and continuous monitoring and follow-up of suspicious customer behavior.

In addition to the frameworks for combating money laundering, the Bank has also established guidelines and procedures describing measures and business processes to ensure thorough customer onboarding and KYC processes. The Bank's KYC processes include preventive measures related to fraud, anti-money laundering, as well as credit evaluation to prevent actions such as various categories of fraud, identity theft, and corruption. All procedures are continuously updated and reviewed at least semi-annually.

The compliance director is responsible for combating money laundering and terrorist financing (AML officer). The Bank has also established a compliance officer in accordance with anti-money laundering regulations, responsible for, among other things, second-line controls in the area, and reporting to the board quarterly on activities and status related to combating money laundering and terrorist financing.

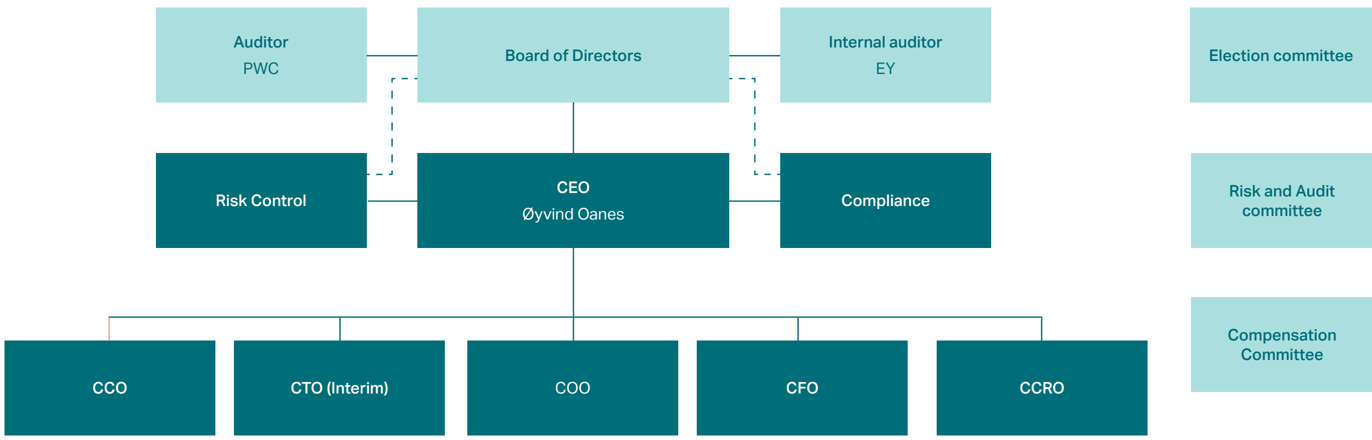
The Bank has developed and implemented a fraud detection tool, which helps identify potential fraudsters and identity theft. In 2023, the Bank detected and prevented fraud related to 1,081 credit applications (compared to 1,201 in 2022), preventing potential losses of approximately NOK 150 million. Some of the decrease from 2022 can be attributed to the Bank offering lower loan amounts to customers as well as some tightening of credit practices.

The Bank places great emphasis on organizing training for the board, management, and employees to increase awareness and build competence in preventing financial crime. Regular training of all employees and the board in guidelines and procedures related to combating money laundering is a key element of the Bank's risk management system.

All employees at all levels, including the board and full-time external consultants working in the Bank for extended periods, are required to undergo annual training related to combating money laundering. In 2023, 100% completed such training (also 100% in 2022).

Morrow Bank will continue to prioritize the development and improvement of frameworks to prevent money laundering and financial crime by maintaining and developing policies and guidelines in accordance with regulations and best practices, and by leveraging innovation and technology to monitor and report suspicious transactions, such as through regular training of employees in combating money laundering.

Below is an overview of Morrow Bank's organization and responsibility structure.



Data security and customer privacy

In a digital world, there is an increasing risk of personal data being misplaced, stolen, or shared without consent. By intelligently using personal data in accordance with privacy regulations, Morrow Bank can gain a better understanding of customers and develop more relevant and customer-centric banking products and services. Therefore, Morrow Bank acknowledges that the Bank has a responsibility to handle the personal data collected and processed in a responsible manner and to ensure that the personal data is secure.

Morrow Bank is subject to laws and regulations that determine how personal data can be collected and processed. This mainly includes data protection legislation, including the fundamental principles and conditions for processing personal data, individual rights, obligations for the Bank as the data controller, data processors, and the transfer of personal data within and across borders. The Bank has appointed dedicated resources as Data Protection Officer and Security Officer.

The Bank has implemented guidelines and procedures to ensure compliance with GDPR regulations. This involves regular review and development of the Bank's internal control systems and risk management processes to continually improve and address existing and new data security and privacy threats.

Employees and consultants who collect, process, or have access to personal data on behalf of the Bank regularly undergo mandatory privacy training provided by the security officer and/or data protection officer. All managers are responsible for ensuring that employees with access to personal data have the necessary competence and qualifications to safeguard customers' rights related to personal data by following information security procedures.

Any breaches of data security and consumer privacy are reported and addressed immediately.

Whistleblower Procedures

Morrow Bank has established whistleblower procedures adopted by the board. Both internal and external reporting channels have been established to facilitate reporting of any irregularities. The procedure is designed to protect both the whistleblower and the individual(s) being reported on and is accessible to all bank employees in both Norwegian and English. Upon receipt of reports through the external reporting channel, information about the case is sent according to the established process to the Compliance Director, legal advisor, and head of the audit and risk committee of the board.

Ethical Business Conduct

Morrow Bank's Code of Conduct is intended to help the Bank's representatives perform their duties in an ethically responsible manner and in accordance with the standards set by the Bank. There have been no internal breaches of the guidelines in the Bank's Code of Conduct.

Morrow Bank's Code of Conduct supplements laws, regulations, instructions, and provisions applicable to the Bank's activities, setting out principles of conduct and actions in areas not covered by other regulations. The guidelines provide a framework for what the Bank considers responsible behavior but are not exhaustive. The current version of the guidelines was last revised and approved by the Bank's board in spring 2023.

All new hires undergo training in the Code of Conduct during onboarding, and the Bank will implement Code of Conduct training for all employees during 2024.

Anyone representing Morrow Bank is always expected to exercise good judgment, caution, and care. Unethical actions or omissions contrary to human rights may pose a potential reputational risk. The Bank's guidelines and other procedures are in place to ensure that Morrow Bank is not involved in business transactions and other projects involving unethical actions or ending up in other undesirable situations.

Environmental Footprint

Morrow Bank's activities are focused on the Nordic consumer credit market, where the Bank has limited influence on how credit is used. The environmental impact of Morrow Bank's activities is mainly related to energy consumption and waste from premises, as well as some travel activity.

Morrow Bank is a digital bank, with products offered through the Bank's and agents' websites. Communication is mainly electronic, and the consumption of paper and the need for travel are limited. The Bank also issues digital credit cards, which over time can be expected to replace plastic cards. The Bank has not developed specific guidelines for the external environment but encourages employees to minimize consumption and waste associated with their daily activities, such as food waste in the cafeteria. To reduce business travel, employees are encouraged to use digital solutions, such as video conferencing, and to travel by public transport when travel is necessary.

For data storage, Morrow Bank primarily uses Microsoft Office 365 and Azure Storage, which are between 80% and 98% more energy efficient than traditional internal data centers.

The Bank provides data equipment for secure deletion and recycling to environmentally certified partners. These partners ensure that discarded equipment is recycled with minimal climate footprint. The partners provide reports showing the effect of recycling equipment that is replaced. In 2023, Morrow Bank delivered several units (screens, machines, and servers), most of which were used for reuse, and the rest were used for material recycling.

The Bank moved to newer and more suitable premises at Lysaker Torg in July 2023. The premises are well adapted to the company's organization and operations, covering approximately 2/3 of the size of the previous premises. The reduced size also results in lower energy consumption. Expenses for this and other shared costs were reduced by approximately NOK 200/sqm through moving to new premises.

In connection with the move, all office desks were replaced. Approximately 70% of old office desks were donated to Movement AS for reuse, while the remaining desks and other office equipment not to be used in the new premises were recycled properly.

The Employees

Morrow Bank aims to be an attractive employer offering employees, the Bank's most important resource, a good working environment. Morrow Bank depends on motivated and engaged employees to achieve its business goals. Therefore, the Bank wants to provide employees with opportunities to develop, increase their competence, and take on new and/or greater responsibilities. The Bank also needs individuals who complement each other and work well together to ensure value creation for all stakeholders. Morrow Bank's employment practices ensure compliance with internationally recognized human and labor rights.

Diversity and Equal Opportunities

Morrow Bank believes that a diverse and inclusive workforce is essential for ensuring innovation and value creation over time. All employees should be treated equally, regardless of age, gender, disability, cultural background, religious belief, or sexual orientation, both in recruitment processes and throughout the employment relationship. We do not accept any form of discrimination or harassment. There were no reported breaches of the company's guidelines in 2023.

Morrow Bank actively works to ensure diversity and equal opportunities. The Bank is represented by 9 different nationalities and has a balanced gender distribution across departments and management levels. At the end of 2023, the Bank employed 77 people, equivalent to 73.8 full-time equivalents. Women accounted for 42.9% of all employees and 16.7% of management. One of the Bank's objectives is to have both genders represented in all management bodies. At the end of the year, 43% of Morrow Bank's board members were women, while one out of six members of the management team were women.

Women and men receive equal pay for equal work, and employees are promoted based on merit. Morrow Bank encourages a good work-life balance for all employees. Out of 77 employees, five are employed part-time (two women and three men) because they choose to do so (primarily due to studies).

Both men and women are encouraged to take parental leave. Morrow Bank offers permanent employees paid parental leave equivalent to 100% of base salary, which exceeds the statutory requirements in Norway. In 2023, 6 of the Bank's employees took parental leave, two of whom were men. On average, women took 20.7 weeks off during the year, while men took 2 weeks off.

Description of level	Women	Men	Total	The percentage of women
Level 1 (management)	1	5	6	16.7 %
Level 2 (Middle managers)	7	12	19	36.8 %
Level 3 (Personnel management and specialists)	13	15	28	46.4 %
Level 4 (other emploeyees)	12	13	25	48.0 %
Total	33	44	77	42.9 %

Salary mapping

Morrow Bank has assessed and categorized the organization into job categories based on the level within the organization and type of position. This means that several job categories may be at the same organizational level, but a distinction is made, for example, between being a manager or a specialist. The assessment initially shows that women's salaries constitute 90.4% of men's salaries for the company as a whole. If we exclude the management group, women's salaries account for 91.6% of men's salaries. The main reason for the wage differences is attributed to age and work experience. The company covers 100% of salaries, regardless of salary level, during sick leave and parental leave.

The company offers employees a group life insurance policy, which, along with extended occupational accident insurance, aims to provide the employee and their dependents with a certain financial safety net in case of an accident. The company has also established health insurance for employees. Furthermore, the company has a scheme where telephone and broadband expenses are covered. The scheme is primarily dependent on the position. Additionally, the Bank offers favorable conditions for pension accrual.

Description of level	Women's salaries as a percentage of men's salaries
Level 1 (Management) [1]	103.9%
Level 2 (Middle managers)	84.9%
Level 3 (Personnel management and specialists)	99.4%
Level 4 (other emploeyees)	101.3%
Total [1]	90.4%

[1] Excludes administrative directors' salaries.

Employment conditions

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

The Bank conducts an annual employee survey that measures satisfaction, engagement, and workplace well-being. The survey is a feedback method based on the job demands-resources model, which shows the Bank's ability to develop a work environment where there is a balance between demands and resources.

The results of the survey, along with a follow-up pulse check approximately 6 months after the main survey, provide important feedback on the measures implemented and the development of the work environment. The review for 2023 shows that the Bank's employees are generally satisfied with their jobs and consider the work environment to be good. The employee survey is an integral part of the Bank's internal control and provides a basis for implementing improvement measures when needed.

The sick leave in 2023 was 3.3%, down from 6.4% in 2022. The reduction can primarily be attributed to a significant decrease in sick leave, but self-reported sick leave also decreased. The Bank has implemented various activities and welfare measures, such as opportunities for activities like running and squash, to promote an active social environment and well-being in the workplace. In the Bank's new premises, there is a dedicated gym where employees can exercise, and on Mondays, there is an opportunity to exercise with a personal trainer. The Bank's HR department systematically works to reduce sick leave through preventive occupational health measures and close follow-up and dialogue with employees about absenteeism.

The Bank has established a work environment committee, which is a collaborative body whose main function is to contribute to a fully satisfactory work environment in the Bank. The committee consists of two employee representatives and two employees. The committee participates in planning safety and environmental work and monitors developments in matters concerning employees' safety, health, and welfare. The committee held 3 meetings in 2023.

The Bank's home office solution contributes to strengthening the balance between work and leisure and promotes efficient operations by providing employees with flexibility in their everyday lives. In 2023, the Bank continued its hybrid solution where employees can work from home up to 1 day a week. As a result of this, the Bank and the employees have entered into agreements on home office work. However, the office is still considered the main arena for collaboration, knowledge transfer and building, further development of the work environment, as well as maintaining and building networks.

Additionally, the company has organized social activities such as "After work", "Kahoot", etc.

Professional and personal development

Competition is increasing due to the constantly evolving digitalization of the Banking industry, while customers and authorities are setting new demands. The ability to innovate and adapt quickly is crucial to keep pace with changes and new expectations. Therefore, Morrow Bank cultivates innovation through efficient resource utilization and encourages open exchange of ideas. Collaboration across departments and responsibilities enables improvement, and nurturing a good feedback culture is therefore a priority. Learning and development at work are important for Morrow Bank, and as a result, competence and knowledge sharing are considered important parts of the Bank's corporate culture. The Bank also has a strong focus on leadership development of its employees and recruits internally as far as possible.

Morrow Bank has established a stock option program for employees to ensure that the interests of the Bank's employees align with those of the company and shareholders. The Bank also considers that the stock option program promotes increased engagement, motivation, and understanding of the business. By the end of 2023, 40.2% of the Bank's employees had shares/stock options in the company.

Partners

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

Morrow Bank aims to contribute to an ethically responsible and sustainable development and expects all our partners to share the same vision and thus base their own business and value chain on it. The Bank requires that partners establish high ethical standards, good business practices, and do not act in violation of applicable laws and regulations.

Board of Directors' Report

Overview
Morrow Bank ASA (the "Bank" or "Morrow Bank"), previously Komplett 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. 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 in Austria and Ireland.

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 EU 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).

Strategy and medium-term ambitions
2023 marked another year with healthy growth and improved efficiency. The results were in line with the ambitions for enhanced throughput and cost efficiency established in early 2022 and subsequently accelerated.

In order to achieve heightened throughput without compromising on risk exposure, the Bank has implemented a range of strategic initiatives over the past eight quarters. These initiatives have centered on enhancing product performance, streamlining processes, and simplifying technology. The initiatives related to product performance and process automation has been successfully implemented while the transfer to a new IT platform is progressing well and is expected to further reduce the cost of IT ownership when migration is completed in 2024.

Following these initiatives, Morrow Bank has grown the loan book by more than 50% and reduced the cost/income ratio to highly competitive levels below 30% while keeping the net interest margin stable amid a challenging macro backdrop.

Going forward, the Bank aims to leverage its new and highly scalable IT platform to continue growing the loan book while keeping costs stable. Measures to reduce risk, including the stricter credit policies implemented in 2023, are expected to reduce loan losses and improve risk-adjusted margin. Combined, this is expected to positively contribute to improving returns.

Towards Q4 2025, the Bank's ambitions are:
- ~10% annualized gross loan balance growth
- Cost/Income ratio of ~26%
- Risk-adjusted margin of 4.5-5%
- Return on equity of 10-12%, with further upside towards 15-18% should the bank achieve similar capital requirements as in Sweden

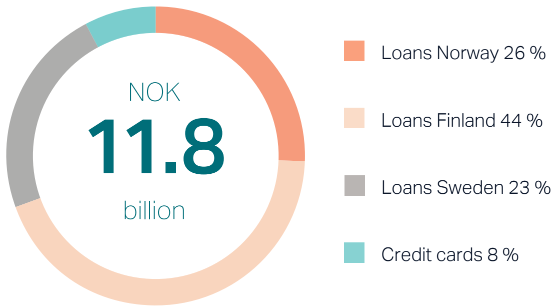
The bank has extended its policy of disbursing excess capital not utilized for growth as dividends. The dividend capacity is assessed at 30–50% of post-tax earnings as profitability normalizes. For 2023, the board proposes that no dividends be distributed.

Operational review
Loan growth and product development
Morrow Bank follows a diversified multichannel marketing and distribution strategy. A continued strong inflow of loan applications, profitable operations, continuous improvements of operational efficiency and strong distribution capacity towards a growing and resilient Nordic consumer financing market contribute to the Bank's favorable market position.

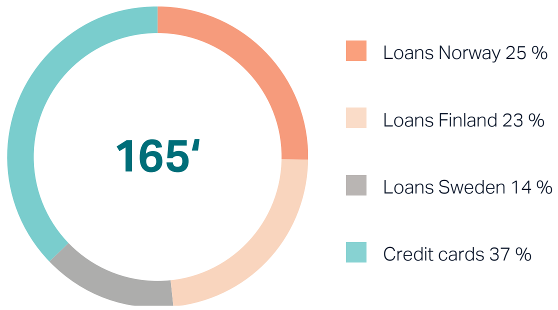
During 2023, gross loans to customers increased to NOK 11.8 million at the end of the year from NOK 9.6 billion at the end of 2022. The growth was mainly driven by continued strong demand for consumer financing in the Nordics in combination with improved customer processes enabling increased throughput.

Consumer loans in Norway decreased by NOK 526 million.

Gross loan distribution by product



Customer distribution by product



Consumer loans in Sweden and Finland increased by NOK 479 and NOK 2,332 million respectively. During 2023, credit card loans increased by NOK 236 million.

Point of sales (POS) financing decreased by 31% in 2023 to NOK 338 million. POS financing was discontinued in Q2 2023 and migrated to the Bank's standard loan product by the end of the year.

In 2023, customer deposits increased by 19% to NOK 11,096 million. The deposit products do not have a fixed term.

The Bank increased the average deposit rate in Norway from 2.1% at the beginning of the year to 3.9% in December. The average deposit rate in Sweden was increased from 2.4% to 4.0%. In Germany, the rate was adjusted from 1.4% to 3.6%, including partner commission.

TABLE 1: NET LENDING BY PRODUCT

NOK million	2023	2022	Change
Consumer loan	10,240	8 152	2,088
Credit card	836	620	216
POS Finance	0	338	-338
Deposit	11,096	9 348	1,736

Operational efficiency

Operational efficiency is a priority for Morrow Bank, enabled by centralised operations and modern digital systems.

At the beginning of 2022, the Bank launched a new strategic roadmap which included a series of initiatives to drive growth and efficiency. The roadmap included a detailed plan to improve product performance, simplify the IT platform, and automate processes. As of the end of 2023, the Bank had successfully implemented these initiatives, which contributed to ~20% loan balance growth in the period and a cost/income ratio at highly competitive levels below 30% - in line with accelerated targets.

With a scalable and digital banking platform now in place, further operational efficiency will be driven by increased scale and continuous data-driven improvements.

Organisational development

Changes in management

In December 2023, Tony Rogne assumed the position of Chief Commercial Officer. Mr. Rogne has over 18 years of experience working with consumer finance and has an extensive background within the fields of consumer loans, credit cards, sales finance, auto loans and deposits, as well as sales and marketing. His previous role was Nordic Head of Consumer Lending at Santander Consumer Bank.

Review of the annual accounts

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

In the 2023 annual report, Morrow Bank has identified cost-to-income ratio, loan loss ratio, and return on equity (ROE) as alternative performance measures in addition to the financial information prepared in accordance with IFRS as adopted by the EU. For further details, please refer to note 22. Quarterly reports contain additional Alternative Performance Measures (APMs) described on the Bank's website (ir.morrowbank.com).

2023 financial highlights
- Total income: NOK 1,054 million
- Pre-tax profit/(loss): NOK 206 million
- Gross loans: NOK 11,789 million as at 31 December 2023
- Net loans: NOK 11,076 million as at 31 December 2023
- Cost-income ratio: 30%
- Loan loss ratio: 4.9%
- Return on Equity (ROE): 7.0%

Profit and Loss

Income

Morrow Bank's total income was NOK 1,054 million in 2023, an increase of NOK 253 million (32%) compared to 2022. The increase was primarily driven by loan growth while average net interest margin was stable. During 2023, the Bank discontinued its practice of selling new non-performing loans, so-called "forward flow", due to terms becoming less favorable. In 2023, NOK 743 million was sold on forward flow and one-offs..

Throughout 2023, the effective interest rate on credit cards was kept relatively stable at 16.2% to 16.5%, while the effective interest rate on loans increased from 12.8% in Q1 to 14.3% in Q4. The main driver behind the increase was repricing of loans to new and existing customers to compensate for the higher deposit rates.

Commission and income fees increased to NOK 63 million in 2023 from NOK 53 million in 2022.

TABLE 2: INCOME

NOK million	2023	2022	Change
Interest income	1,380	907	473
Interest expense	-360	-114	-246
Net interest income	**1,020**	**793**	**227**
Net commission and fees	5	10	-5
Other	29	-2	31
Sum inntekter	**1,054**	**801**	**253**

Operating expenses

Operating expenses, including depreciation and impairment, decreased by 37% from 2022 to NOK 321 million in 2023, mainly driven by a reduction in FTEs. The decrease was also partly driven by write-offs of NOK 103 million in 2022, mainly related to the impairment of historical IT investments due to the Bank's decision to introduce a more efficient IT platform.

The new IT platform has been implemented according to plan and migration is largely completed.

Personnel expenses were reduced to NOK 102 million in 2023 from NOK 133 million in 2022, driven by a reduction in the number of employees made possible by increased automation. The cost reduction was partly offset by the general salary adjustments in 2023. Following the right-sizing of the organization in 2023, the Bank expects its personnel expenses to be stable in 2024.

General and administrative expenses decreased to NOK 135 million from NOK 159 million in 2022. The reduction was due to lower marketing expenses and restructuring costs. Marketing expenses in 2023 were NOK 23 million, up from NOK 36 million in 2022.

The cost/income ratio was 30% in 2023, up from 63% in 2022. The decrease was mainly driven by a lower cost base and higher income. Morrow Bank has an ambition to continue to improve the cost/income ratio, primarily driven by increased scale.

TABLE 3: OPERATING EXPENSES

NOK million	2023	2022	Change
Personnel expenses	102	133	-31
General and administrative	135	159	-24
expenses, which of:	23	36	-13
Direct marketing expenses	36	172	-136
Depreciation	48	43	5
Other expenses	321	507	186
Total operating expenses			

Losses on loans

Loan losses were NOK 527 million in 2023, up from NOK 292 million in 2022, primarily driven by loan growth and adverse macro development. As a result of high growth in 2023, the Bank increased provisions for loan losses, as the IFRS 9 standard requires that 12-month expected credit losses are booked upon initial recognition of a new loan.

As growth stabilizes and strengthened collection processes and tightened credit policies from 2023 start to weigh in, the Bank expects the loan loss ratio to stabilize around 4.0% and 4.5% over time.

Profits and taxes
The pre-tax operating profit was NOK 206 million in 2023, an improvement compared to the loss of NOK 2 million in 2022, which was affected by the previously mentioned extraordinary loan losses.

The tax expense for the year was NOK 54 million, compared to NOK 1 million in 2022.

Cash flow
In 2023, the cash flow from operating activities was NOK 473 million, compared to NOK -408 million in 2022. Net income after tax contributed NOK 206 million.

The cash flow from investment activities was NOK -52 million, compared to NOK -58 million in 2022, driven by lower levels of investments in 2023 as the company has migrated its operations to a more efficient banking platform. The cash flow from financing activities was NOK 260 million, up from NOK -24 million in 2022. The cash flow from financing activities mainly relates to two equity issues and an AT2 directed at supporting growth and optimizing the balance sheet.

Net cash flow in 2023 was NOK 681 million. Total cash and cash equivalents were NOK 1,503 million at the end of 2023, down from NOK 808 million at the end of 2022 of which NOK 41 million of the increase was related to currency effects.

TABLE 4: CASH FLOW

NOK million	2023	2022
Cash flow from operations	473	-408
Cash flow from investments	-52	-58
Cash flow from financing	260	-23
Net cash flow	681	-490
Cash at the end of the period	1,530	808

Financial position
As of December 31, 2023, the Bank had total assets of NOK 13,665 million, up from NOK 11,528 million at the end of 2022. The increase is mainly due to an increase in net loans to customers during 2023.

At the end of 2023, non-performing loans amounted to NOK 483 million, equivalent to 4% of gross loans to customers. At the end of 2022, non-performing loans amounted to NOK 257 million, equivalent to 3% of gross loans.

Customer deposits increased to NOK 11,096 million in 2023 from NOK 9,348 million at the end of 2022.

The Bank's liquid assets, consisting of bank deposits and liquid securities, amounted to NOK 2,456 million, equivalent to 18% of the Bank's total assets at the end of 2023.

The total equity was NOK 2,279 million at the end of 2023, up from NOK 1,953 million at the end of 2022. The equity ratio was 17% at the end of 2023, the same level as for the end of the previous year.

TABLE 5: BALANCE SHEET

NOK million	2023	2022	Change
Total assets	**13,665**	**11,528**	**2,137**
Total liabilities	11,386	9,575	1,812
Total equity	2,279	1,953	326
Total equity & liabilities	**13,665**	**11,128**	**2,137**

Capital adequacy
On December 16, 2022, the Norwegian Ministry of Finance announced a one-year postponement of the implementation of EU-harmonized capital adequacy requirements, originally scheduled to come into effect on December 31, 2022.

In Q4 2023, reciprocity was introduced to the systemic risk buffer requirement by Norwegian authorities. This reduced Morrow Bank's common equity Tier 1 capital ratio (CET1) requirement by 1.7%-points to 16.1% as of December 31, 2023. While the Norwegian regulator regime has taken an important step towards creating a more level playing field among banks across borders and harmonizing capital adequacy requirements with European standards, the systemic risk buffer for Norwegian loans at 4.5% remains elevated compared to the other Nordic countries and EU.

As a result, the Bank faces elevated capital adequacy requirements in 2023 compared to a scenario where the buffer would be fully aligned with European standards. The assessment of the system risk capital buffer requirement is conducted bi-annually by the Norwegian Ministry of Finance, guided by recommendations from Norges Bank.

Morrow Bank has set a CET1 ratio target of 17.1%, which includes a management buffer of 1.0%.

At the end of 2023, Morrow Bank was well capitalized with a CET1 capital ratio of 20.0%, above the regulatory minimum requirement and the Bank's target. The total capital ratio was 23.6%, in line with the level at the end of 2022.

To support continued strong growth, the Bank opted to secure a total of NOK 200 million in new equity through two transactions, completed on 16 February and 14 June 2023, respectively.

In addition, the Bank raised NOK 100 million in a new Tier 2 bond issue that was completed on 3 May 2023.

Perpetual Tier 1 (AT1) and additional Tier 2 (T2) capital made up 1.9% and 1.6% of the Bank's capital adequacy ratio, respectively.

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

Allocation of profit for the year

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

Morrow Bank reported a profit after tax of NOK 152 million for the fiscal year 2023. In the short to medium term, the Bank plans to prioritize growth over dividends and does not anticipate distributing dividends for the year 2023.

The total profit of NOK 152 million is proposed to be transferred to other equity.

Outlook

Morrow Bank is well positioned for growth and increased profitability. This positive outlook is supported by several factors, including a well-diversified gross loan book of NOK 12 billion, a continued strong inflow of loan applications, profitable operations, ongoing enhancements in operational efficiency, and exposure to a growing and resilient Nordic consumer financing market.

Throughout 2023, the Bank had good sales volumes driven by generally benign market demand in Finland and Sweden as well as enhanced conversion rates. The latter is chiefly a result of systematic efforts by the Bank to improve conversion and throughput.

In order to enhance throughput without compromising on risk, the Bank has implemented numerous strategic initiatives over the past eight quarters. These initiatives concentrate on focusing on product performance, process automation and tech simplification. The initiatives related to product performance and process automation has been successfully implemented while the transfer to a new IT platform is progressing well and is anticipated to lead to further reductions in IT ownership costs.

During the latter part of 2023, GDP growth was weak across the Nordic countries, however improving in Sweden and Finland, and inflation was high but declining. Market interest rates continued to increase driving up the Bank's funding costs, however, more than compensated for with loan interest rate increases. For 2024, the market outlook is improving across the Nordics with increased GDP growth driving demand, and reduced inflation and stable unemployment rates limiting credit risk.

Cost inflation has affected personnel costs somewhat throughout 2023, but the impact of the inflation on overall costs is still expected to be moderate in the near term. Going forward, costs are expected to stabilise around current levels while continued loan growth is set to further drive cost efficiency.

Pricing optimisations will continue going forward to maintain net interest margins around current levels. At the same time, lower loan losses – reflecting our stricter credit policy, improved collection processes and a maturing loan book – are expected to drive risk-adjusted margins.

Based on the above-described organic improvements, Morrow Bank targets an annual loan balance growth of around 10%, a cost/income ratio in the upper 20 percentages and a return on equity (ROE) in the 10-12 percentage range by Q4 2025. Further, the Bank is exploring measures to increase returns beyond the organic improvements.

The board considers the Bank's current business plan to be fully funded.

Risk and uncertainties

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

Credit risk

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

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

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

Efforts are continuously being made to improve the Bank's invoicing and collection processes.

Liquidity risk

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

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

The liquidity risk was considered low during 2023. Loans to customers have been financed using paid-in equity, retained earnings, subordinated bonds and deposits from the Bank's customers.

The liquidity coverage ratio (LCR) requirement that entered into force on 31 December 2015 has been complied with and with a good margin. The Bank had an LCR of 310% as at 31 December 2023, compared to a regulatory requirement of 100%.

Market risk

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

The Bank's objective is to be exposed to a low market risk. Market risk is regularly monitored, and the Bank's investments are made in such a manner that a low market risk is maintained. The Bank's investments primarily consist of deposits in other financial institutions and interest-bearing securities with short-term fixed interest rates and good liquidity.

In 2023, the Bank made purchases in foreign currencies and has loans in the Finnish and Swedish markets, in addition to Norway. Deposits originate from customers in the Norwegian, Swedish and German markets. The Bank's net currency exposure is kept low and is controlled by a multi-currency facility with a correspondent bank. Gross loans to Finnish and Swedish customers were respectively EUR 485.5 million and SEK 2,790.9 million, equivalent to NOK 5,692 million and NOK 2,837 million as at 31 December 2023. The Bank's open net currency exposure was EUR -1.9 million and SEK -14.9 million as at 31 December 2023.

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

Organisation, environment and social responsibility

At the beginning of the year, the Bank had 87 employees, and at the end of the year, it had 74. The Bank has carried out various activities and welfare measures to promote an active social environment and well-being in the workplace and to prevent and reduce sick leave. The Bank has established a working environment committee to ensure a satisfactory working environment in the Bank.

The sickness absence rate in 2023 was 3.4% compared to 6.4% in 2022.

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

Morrow Bank is subject to the so-called Transparency Act (Act on transparency of undertakings and work on fundamental human rights and decent working conditions), which aims to promote businesses' respect for human rights and decent working conditions. Morrow Bank also conducts due diligence assessments in line with the requirements of the Transparency Act. You can find a statement on the bank's website.

Corporate governance

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

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

Other information

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

Bærum, 13 March 2024 – Board of Directors of Morrow Bank ASA

Stig Eide Sivertsen
Chair of the board

Bodil Palma Hollingsæter
Vice Chair of the board

Nicolai Lunde
Member of the board

Anna Karin Veronica Gunberg Østlie
Member of the board

Thomas Bjørnstad
Member of the board

Jonna Karolina Kyllönen
Member of the board

Per Olav Kristoffersen Mikaelsen
Member of the board

Øyvind Oanes
Chief Executive Officer

Confirmation of Annual Report and Board of Directors' Report

We confirm that, to the best of our knowledge, the Annual report for the period from 1 January 2023 to 31 December 2023 has been prepared in accordance with the applicable accounting standards with such additional information as required by the Accounting Act and gives a true and fair view of the Bank's assets, liabilities, financial position and results of operations, and that the Board of Directors' report provides a true and fair view of the development and performance of the business and the position of the Bank, together with a description of the key risks and uncertainty factors that the Bank is facing.

Bærum, 13 March 2024 – Board of Directors of Morrow Bank ASA

Stig Eide Sivertsen
Chair of the board

Bodil Palma Hollingsæter
Vice Chair of the board

Nicolai Lunde
Member of the board

Anna Karin Veronica Gunberg Østlie
Member of the board

Thomas Bjørnstad
Member of the board

Jonna Karolina Kyllönen
Member of the board

Per Olav Kristoffersen Mikaelsen
Member of the board

Øyvind Oanes
Chief Executive Officer

Financial statements

Comprehensive income statement

Amounts in NOK million	Note	2023	2022
Interest income	2, 4	1,380.0	907.0
Interest expenses	2, 4, 12	-359.8	-113.7
Net interest income		**1,020.2**	**793.3**
Commission income and fees	2, 4	62.7	53.0
Commission expenses and fees	2, 4	-57.6	-43.3
Net commissions and fees		**5.1**	**9.8**
Net gains/(losses) on certificates, bonds and currency	4	28.6	-2.1
Total income		**1,053.9**	**800.9**
Personnel expenses	5, 6	-102.3	-133.4
General and administrative expenses	5	-135.3	-159.0
Other expenses	5	-47.6	-43.1
Depreciation and write-offs	11	-35.7	-171.8
Total operating expenses before losses on loans		**-320.9**	**-507.3**
Losses on loans	2, 3	-526.7	-292.1
Profit/(loss) before tax		**206.4**	**1.6**
Tax expenses	7	-54.5	-0.6
Profit/(loss) after tax		**151.9**	**0.9**
Attributable to:			
Shareholders		133.7	-13.8
Additional Tier 1 capital investors		18.2	14.8
Profit/(loss) after tax		**151.9**	**0.9**
Earnings per share (NOK)	18	0.62	-0.07
Diluted earnings per share (NOK)	18	0.61	-0.07

Comprehensive income

Amounts in NOK million	2023	2022
Profit/(loss) after tax	151.9	0.9
Other comprehensive income	-	-
Comprehensive income for the period	**151.9**	**0.9**

Balance sheet

Amounts in NOK million	Note	31 December 2023	31 December 2022
Loans and deposits with credit institutions	9, 17	1,530.0	807.8
Loans to customers	2, 3,17	11,076.0	9,110.7
Certificates and bonds	10, 17	926.1	1,453.5
Other receivables	8	14.7	29.2
Deferred tax asset	7	29.5	77.9
Fixed assets	11	22.0	3.5
Intangible assets	11	66.9	45.3
Total assets		**13,665.2**	**11,528.0**
Deposits from customers	13, 17	11,096.0	9,347.6
Other debt	12, 13, 17	125.3	162.1
Tax payable	7	-	-
Deferred tax payable	7	-	-
Subordinated loans (Tier 2)	13, 17	165.0	65.0
Total liabilities		**11,386.3**	**9,574.8**
Additional Tier 1 capital		199.6	199.6
Share capital	19	229.4	187.6
Share premium		936.9	786.7
Other paid-in capital		56.5	56.4
Retained earnings		856.7	723.0
Total equity		**2,278.9**	**1,953.3**
Total liabilities and equity		**13,665.2**	**11,528.0**

Bærum, 13 March 2024 – Board of Directors of Morrow Bank ASA

Stig Eide Sivertsen
Chair of the board

Bodil Palma Hollingsæter
Vice Chair of the board

Nicolai Lunde
Member of the board

Anna Karin Veronica Gunberg Østlie
Member of the board

Thomas Bjørnstad
Member of the board

Jonna Karolina Kyllönen
Member of the board

Per Olav Kristoffersen Mikaelsen
Member of the board

Øyvind Oanes
Chief Executive Officer

Statement of changes in equity

Amounts in NOK million	Additional Tier 1 capital	Share capital	Share premium	Other paid-in capital	Retained earnings	**Total equity**
Equity as at 1 January 2022	**199.6**	**187.1**	**786.7**	**53.8**	**736.9**	**1,964.1**
Profit/(loss) after tax	14.8	-	-	-	-13.8	0.9
Share capital increases due to exercised share options	-	0.5	-	-	-	0.5
Changes in equity due to share option programs	-	-	-	2.6	-	2.6
Net interest paid to additional Tier 1 capital investors	-14.8	-	-	-	-	-14.8
Equity as at 31 December 2022	**199.6**	**187.6**	**786.7**	**56.4**	**723.0**	**1,953.3**
Profit/(loss) 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**

Cash flow statement

Amounts in NOK million	2023	2022
Profit/(loss) before tax	206.4	1.6
Taxes paid	-	-0.2
Depreciation and write-offs	35.7	171.8
Change in impairments on loans to customers	183.1	-292.9
Change in gross loans to customers	-2,148.4	-1,420.0
Effects of currency on loans to customers	334.0	72.4
Change in deposits from customers	1,748.4	1,413.7
Effects of currency on deposits from customers	-440.6	-71.4
Net purchase and sale of certificates and bonds	527.4	-465.9
Change in accruals and other adjustments	30.9	183.0
Net cash flow from operating activities	**477.2**	**-408.0**
Payments for investments in fixed assets	-3.9	-0.3
Payments for investments in intangible assets	-52.2	-57.6
Net cash flow from investing activities	**-56.1**	**-57.9**
Paid-in equity	190.6	0.5
Repayment to AT1 capital investors	-	-
Payment of interest to AT1 capital investors	-24.3	-19.7
Net receipts from AT2 capital	98.0	-
Lease payments	-4.3	-4.7
Dividend payment	-	-
Net cash flow from financing activities	**260.0**	**-23.9**
Net cash flow	**680.8**	**-489.8**
Cash and cash equivalents at the start of the period	807.8	1,301.8
Effects of currency on loans and deposits with credit institutions	41.4	-4.3
Cash and cash equivalents at the end of the period	**1,530.0**	**807.8**
Of which:		
Loans and deposits with credit institutions	1,530.0	807.8

Notes to the financial statements

Note 1 Accounting principles

Morrow Banks ASA ("the Bank") offers consumer loans and credit cards to individuals in Norway ("NO"), Sweden ("SE"), and Finland ("FI"), as well as deposit products in Norway, Sweden, Finland, and Germany. The Bank's headquarter is in Lysaker Torg 35, 1366 Lysaker, in Norway.

The financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union.

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

1. Income recognition

Interest income is recognized using the effective interest rate method. This involves the continuous recognition of interest along with the amortization of origination fees. The effective interest rate is the rate that discounts the contractual cash flows of the loan (interest, principal, and fees) over the expected life of the loan to the amortized cost of the loan at the origination date.

Revenue recognition of interest using the effective interest rate method is applied to balance sheet items valued at amortized cost. For assets that are not credit-impaired, the effective interest rate is calculated on the asset's carrying amount (amortized cost). For interest-bearing balance sheet items valued at fair value through profit or loss, changes in value are recognized as "Net Gain/(Loss) on Securities and Foreign Exchange" in the income statement.

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

2. Financial instruments

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

2a. Financial liablities

Financial liabilities, which include customer deposits, subordinated loan capital, and portions of other short-term debts, are recognized at fair value minus any transaction costs incurred in their establishment. In subsequent periods, these obligations are measured at amortized cost using the effective interest rate (internal rate of return).

2b. Financial assets

Financial assets are classified at initial recognition into one of the categories specified in the table below, depending on the Bank's business model for managing the asset and the characteristics of the asset's contractually specified cash flows.

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

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets

The Bank will make provisions for losses on assets that are measured at amortised cost. For assets not having exhibited a significant increase in credit risk (loans in stage 1), the Bank will make provisions for expected losses from default which may arise in the lesser of the asset's expected lifetime or 12 months from balance sheet date. For other assets (stage 2 and stage 3), the Bank will make provisions for expected losses over the asset's expected remaining lifetime. The Bank has defined lifetime as the expected time horizon for default or full repayment of principal and interest, whichever occurs first.

Delinquent loans include, among other things, loans that are overdue by more than 90 days according to the agreed payment plan. These loans continue to be assessed as delinquent regardless of future payment status. Delinquent loans also encompass other loans to customers with other indicators of inability to pay.

The Bank examines changes in the risk of delinquency since initial recognition to determine whether an asset has experienced a significant increase in credit risk. The Bank considers an exposure to be delinquent when the loan is more than 90 days overdue, the customer has been transferred to a debt collection agency for collection of the claim, there is a death, and cases where fraud is suspected. The model the Bank uses to calculate impairment losses will include, among other things, the probability of default (PD), discount rate, exposure at default (EAD), and loss given default (LGD).

The Bank uses various indicators to assess whether an asset has experienced a significant increase in the risk of delinquency. This information is based on the actual behaviour of customers, where the Bank has established a set of rules identified as triggers for a significant increase in credit risk. Examples of such rules include a high drawdown rate for customers in combination with being in arrears, new customers who do not pay the first invoice, and customers who historically have had loans overdue by more than 30 days and are once again in arrears. In all cases where customers are more than 30 days overdue, it is defined as a significant increase in credit risk compared to initial recognition.

Transitions among stages 1, 2 and 3:
If a customer has exceeded a 90-day payment deadline, they are referred to a debt collection agency. Customers sent to collections will not have any opportunity for subsequent transfer to stages 2 or 1, meaning such engagements will be classified in stage 3 until the asset is written off. Customers who have exceeded a 90-day payment deadline and make a payment equal to or exceeding the minimum amount before the transfer to the debt collection agency will have the possibility of subsequent transfer to stages 2 or 1. Engagements that have previously been at least 30 days overdue according to the agreed payment plan and remain in arrears will be placed in quarantine in stage 2 for three months. The quarantine does not limit the possibility of transferring such customers to stage 3 during the quarantine period.

Description of the model for calculating expected credit losses and the Bank's calculation of PD, EAD and LGD:
The Probability of Default (PD) is estimated by the Bank using historical data based on the actual defaults of its own customers, and behavior of its own customer characteristics to estimate a forward looking PD. The Bank has categorized customer engagements into segments that share the same risk profile, and each of these segments is monitored using monthly snapshots, with each individual customer being monitored within the segment's defined lifetime. For stage 1, the lifetime is limited to 12 months, while the lifetime can extend beyond this for customers in stage 2, as the Bank uses the probability of default for the entire lifetime. During the monitoring period, it is determined whether the customer has defaulted or not, and this is incorporated into the Bank's probability calculation.

The Bank has decided to use up to 24 data points in its assessment of the probability of default. The Bank updates its parameters for the probability of default at least once a quarter. For new products or products with missing data points, the Bank relies on already existing products with comparable characteristics to extrapolate missing data points. The representativeness of the data for the future is continuously assessed by the Bank's management.

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets
		The Bank estimates Loss Given Default (LGD) based on expected cash flows resulting from payments on defaulted loans. These expected cash flows are based on the Bank's own history as long as the data is available, as well as estimates from third parties with experience from similar portfolios. The Bank has chosen to base expected payments on a 15-year period from the default date. Due to the Bank's relatively short lifespan and limited experience data, there is some degree of uncertainty associated with estimating these cash flows. The present value of the cash flows is calculated by discounting them with the effective interest rate of the engagements. The loss is then calculated as the difference between the book value of the asset at the default date and the discounted value of estimated future cash flows.
		The Bank has agreements for the ongoing transfer of defaulted loans (so-called "forward flow agreements"). The Bank's forward flow agreements are defined as financial derivatives. The Bank has concluded that the value of the financial derivative is not significant, and the agreements are thus not recognized on the balance sheet. This assessment is based on the fact that the agreements are entered into on market terms, in addition to a comparison of the LGD rates realized by the Bank with forward flow agreements compared to the LGD rates observed in the market for comparable banks with comparable products. For the calculation of expected losses in stage 1 and stage 2, the Bank discounts the value of the expected loss to the balance sheet date using the effective interest rate on the engagements as the discount rate. The Bank considers the timing of the expected default to determine the period for discounting. The Bank's exposure at the time of default is limited to apply to customers who are not in arrears. The Bank automatically closes unused credit if a customer falls into arrears. The Bank estimates expected drawdown based on historical data related to customers not in arrears. This applies to all bank products where the customer has the option of drawing on unused credit.
		In the Bank's loss model, forward-looking factors are also used. The total level of losses is adjusted by looking at several macro variables. The loss level is adjusted at the portfolio level and is based on the expected economic development in the various countries where the Bank offers loans. Macro variables are not used to transfer customers between different stages. The Bank uses three key figures from the OECD for each country in its loss model: 1) expected development in the country's unemployment, 2) growth in gross domestic product, and 3) short-term interest rates. The Bank applies three scenarios in the macro adjustment assessment: positive future scenario, neutral future scenario, and negative future scenario. These scenarios are weighted by probability and consequence based on the Bank's assessment of the macroeconomic situation. The Bank's macro adjustment is associated with uncertainty as it is forward-looking.
		The Bank assesses that the Norwegian and Finnish macro variables suggest a somewhat weaker overall development due to the geopolitical situation and increased interest rates, and has therefore determined an adjustment to losses equivalent to a factor of 109% (2022: 107%). For the Swedish market, the Bank assesses that the future outlook is stable, and there will be no adjustment to the loss levels, with the factor remaining unchanged at 107% (2022: 107%).
		The Bank has developed and implemented internal controls that contribute to validating the input used in the impairment model. The Bank does not make use of the simplification rules provided by the framework of IFRS 9 for impairment, meaning that the Bank does not use the exception for low credit risk or simplifications related to the 12-month PD (Probability of Default).

Category according to IFRS 9	Key financial assets	Criteria for classification in the category and accounting treatment for such assets
		Losses on loans in income statement: In the income statement, the accounting line "Losses on loans" consists of realized losses, the difference between the book value of loans and consideration received from sales (portfolio sales), payments received on loans that were previously recognized as losses, and changes in the impairment/provision for loan losses. **The effect of IFRS 9 on capital adequacy:** The impact resulting from the transition from IAS 39 to IFRS 9 at the implementation date of January 1, 2018, was an increase in impairment losses of NOK 157.8 million. After tax effects, this led to a reduction in equity of NOK 118.4 million. The bank is utilizing the transitional rules published by the EU, which allow for a gradual phasing-in of the effects that IFRS 9 will have on the bank's capital adequacy. In line with the original transitional rules and the "quick fix" rules that came into effect from 1 June 2022, the bank phases in the implementation impact from 2018 to 2025. From 1 January 2025, the transitional rules will be fully phased in.

2. Fixed assets

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

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

4. Intangible assets

Intangible assets are recognized on the balance sheet to the extent that it is probable that economic benefits will accrue to the Bank in the future, and these costs can be reliably measured. Intangible assets are recognized at the acquisition cost minus accumulated depreciation and any impairments. The acquisition cost is the amount paid in cash or cash equivalents at the time of acquisition or production. Expenses related to the maintenance of software, systems, etc., are expensed as incurred. Assets with a limited lifespan are depreciated linearly over the expected economic life from the time when the asset is available for use. For intangible assets with a limited lifespan where there are indications of impairment, the Bank measures the recoverable amount of the asset. The recoverable amount is the higher of net selling price and value in use. If the recoverable amount is lower than the carrying amount, the intangible asset is written down to the recoverable amount. Disposal of intangible assets occurs upon disposal or when no further future economic benefits from the use or disposal of the asset are expected. The Bank's intangible assets are depreciated over 3-5 years.

Expenditures for internal development are capitalized to the extent that a future economic benefit associated with the development of an identifiable intangible asset can be identified, and the expenses can be reliably measured. Otherwise, such expenses are expensed as incurred.

5. Tax

5a. Deferred tax liabilities/deferred tax assets

Deferred tax/deferred tax assets are calculated at the nominal rate based on temporary differences existing between the accounting and tax values at the end of the accounting period. Temporary differences that increase and decrease taxes and reverse or could reverse in the same period are offset and netted in the balance sheet. The current tax rate of 25 percent is used for calculating deferred tax/deferred tax assets. Deferred tax assets are recognized to the extent it is probable that the benefit will be realized at a future date.

5b. Tax expense

In the income statement, both changes in deferred tax and the current period's payable tax are included in the tax expense line. The tax expense also encompasses cases where in previous periods, a payable tax was set aside, and there is a deviation from the final tax settlement.

5c. Tax payable

The payable tax for the current and prior periods, to the extent it is not paid at the reporting date, is recognized as a liability. Payable tax represents the tax calculated on the year's taxable income. The applicable tax rate used in the calculation of payable tax is 25%. This tax rate is industry-specific. The tax on interest payments from perpetual bond issues is directly recorded against equity and results in a reduction in payable tax.

6. Pensions

The Bank is subject to the Mandatory Occupational Pension Act and has a scheme that complies with legal requirements. The Bank has a contribution-based plan that applies to all employees and is paid on an ongoing basis. The Bank does not have any additional obligations beyond this.

7. Currency

The Bank uses NOK (Norwegian Krone) as its presentation and functional currency. Balance sheet items in foreign currencies are translated into NOK using the exchange rate on the balance sheet date. Items in foreign currencies included in the income statement are translated into NOK using the average exchange rate. Throughout the year, the Bank has not had significant revenues in currencies other than NOK, SEK (Swedish Krona), and EUR (Euro). Similarly, the Bank has not incurred significant costs in currencies other than NOK, SEK, and EUR.

8. Estimates

Estimates of valuation items and discretionary assessments are based on the Bank's experiences and a probability-weighted expectation related to future events. The Bank considers impairments for losses, as described in paragraph 1, as a central valuation item, where discretionary assessments are among the factors considered. Expected Credit Loss (ECL) is calculated using credit risk models for Probability of Default (PD) and Loss Given Default (LGD), updated with the latest available macro information. Additionally, a selection of scenarios covering a base, optimistic, and pessimistic scenario is chosen, providing probability weighting of the outcomes. The Bank evaluates whether the estimated model calculations represent the best estimate and whether there is any missing information in the model assumptions, macro, or other factors.

9. Business areas

The business scope is related to unsecured consumer and leisure financing and, as of December 31, 2023, consists of three lending products (credit cards, loans, and deposit products) for Norwegian, Swedish, German, and Finnish customers. The Bank categorizes the lending portfolio into five segments, with each loan product for each geography included, along with one segment for credit cards and another for purchase financing. These five segments represent the Bank's focus and are included in reporting to management and the board. In 2023, all significant activities have been directed towards the Norwegian, Swedish, Finnish, and German markets. There is no significant differentiation in ongoing monitoring, management, and control within the various business segments.

10. Statement of cash flow

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of bank deposits (loans to and receivables from credit institutions).

11. Share-based remuneration

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

12. Lease agreements

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

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

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

Note 2 Products and markets

Information about product and market distribution

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

2023

	Consumer loans			Cards	POS Finance	Not allocated	
Amounts in NOK million	Norway	Finland	Sweden	NO / FI / SE	NO / SE		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	-30.66	-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	2.4	-4.4	-526.7
Total income reduced by losses on loans	**256.7**	**99.1**	**50.9**	**54.4**	**32.7**	**4.8**	**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**

2022

	Consumer loans			Cards	POS Finance	Not allocated	
Amounts in NOK million	Norway	Finland	Sweden	NO / FI / SE	NO / SE		Total
Interest income	341.6	250.3	158.9	94.0	50.7	11.5	907.0
Interest expenses	-45.4	-31.2	-23.2	-8.5	-5.3	-	-113.7
Net interest income	**296.2**	**219.1**	**135.7**	**85.5**	**45.4**	**11.5**	**793.3**
Commission income and fees	10.3	6.1	4.4	21.8	0.5	10.0	53.0
Commission expenses and fees	0.0	-1.9	-	-33.9	-	-7.50	-43.3
Net commissions and fees	**10.3**	**4.2**	**4.4**	**-12.1**	**0.5**	**2.5**	**9.8**
Losses on loans	-144.3	-35.7	-102.6	-2.9	-6.5	-0.00	-292.1
Total income reduced by losses on loans	**162.2**	**187.6**	**37.5**	**70.5**	**39.3**	**13.9**	**511.0**
Gross loans to customers	3,544.6	2,852.8	2,220.8	648.7	373.3	-	9,640.1
Impairment of loans	-164.6	-151.5	-149.9	-28.2	-35.1	-	-529.4
Net loans to customers	**3,380.0**	**2,701.2**	**2,070.9**	**620.5**	**338.1**	**-**	**9,110.7**

Note 3 Loans to customers and impairments

LOANS TO CUSTOMERS

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Gross loans to customers	11,788.5	9,640.1
Impairment of loans	-712.5	-529.4
Net loans to customers	**11,076.0**	**9,110.7**

The Bank has only loans to individuals and has not issued any guarantees, neither as at 31 December 2023 nor as at 31 December 2022.

DEFAULTED LOANS TO CUSTOMERS

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Gross defaulted loans to customers[1)]	754.2	429.7
Impairment of loans to customers (stage 3)	-317.6	-195.0
Net defaulted loans to customers	**436.6**	**234.7**

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

LOSSES ON LOANS (RESULT)

Amounts in NOK million	2023	2022
Losses stage 1, movement	24,9	113,7
Losses stage 2, movement	42,4	19,9
Losses stage 3, movement	130,8	58,8
Other effects (NPL,sales parameter updates etc.)	**328,5**	**99,7**
Losses on loans	**526,7**	**292,1**

See note 2 for information about losses on loans (profit/(loss)) per segment.

The Bank has in 2023 had forward flow agreements for monthly transfer of defaulted loans for consumer loans in all countries and for credit card in Norway. POS Finance services have been closed down in 2023 and the Bank had one-off sales of defaulted loans in these portfolios. Total gross loans that was sold were NOK 743.4 million in 2023 and NOK 1,230.1 million in 2022.

RECONCILIATION OF GROSS LOANS TO CUSTOMERS

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1 January 2023	**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 loans to customers	6,126.2	268.2	-258.2	6,136.1
Loans to customers derecognized	-3,151.8	-483.2	-352.8	-3,987.7
Gross loans to customers as at 31 December 2023	**10,079.6**	**954.7**	**754.2**	**11,788.5**
Gross loans to customers as at 1 January 2022	**6,621.9**	**535.8**	**1,062.4**	**8,220.1**
Transfer from stage 1 to stage 2	-1,059.0	1,059.0	-	-
Transfer from stage 1 to stage 3	-506.0	-	506.0	-
Transfer from stage 2 to stage 3	-	-350.6	350.6	-
Transfer from stage 3 to stage 2	-	117.5	-117.5	-
Transfer from stage 2 to stage 1	567.2	-567.2	-	-
Transfer from stage 3 to stage 1	46.8	-	-46.8	-
New loans to customers	5,710.8	341.8	19.9	6,072.6
Loans to customers derecognized	-2,890.5	-417.3	-1,344.9	-4,652.7
Gross loans to customers as at 31 December 2022	**8,491.2**	**719.2**	**429.7**	**9,640.1**

Loans with granted special conditions was NOK 28.0 million as at 31 December 2023 and NOK 8.1 million as at 31 December 2022.

RECONCILIATION OF IMPAIRMENTS OF LOANS TO CUSTOMERS

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Impairments of loans as at 1 January 2023	**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	-85.8	-	85.7	-
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	-	-
Transfer from stage 3 to stage 1	31.9	-22.7	-9.2	-
New financial assets originated	229.6	40.4	9.3	279.4
Increased expected credit loss	29.2	288.1	217.1	534.5
Financial 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	0.8	0.7	-0.5	1.0
Macroeconomic model changes	2.0	1.4	0.6	3.9
Other changes	-10.4	-14.4	5.2	-19.7
Impairments of loans as at 31 December 2023	**230.9**	**162.6**	**319.0**	**712.5**
Impairments of loans as at 1 January 2022	**201.9**	**89.8**	**530.7**	**822.1**
Transfer from stage 1 to stage 2	-29.0	29.0	-	-
Transfer from stage 1 to stage 3	-9.6	-	9.6	-
Transfer from stage 2 to stage 3	-	-66.3	66.3	-
Transfer from stage 3 to stage 2	-	23.8	-23.8	-
Transfer from stage 2 to stage 1	85.5	-85.5	-	-
Transfer from stage 3 to stage 1	12.1	-	-12.1	-
New financial assets originated	146.8	39.3	17.3	203.5
Increased expected credit loss	17.7	200.1	146.6	364.3
Financial assets derecognized	-29.8	-67.5	-519.1	-616.4
Decreased expected credit loss	-130.9	-27.3	-26.2	-184.4
Exchange rate movements	0.5	0.6	0.3	1.4
Macroeconomic model changes	4.5	2.4	0.7	7.6
Other changes	-64.1	-9.4	4.7	-68.8
Impairments of loans as at 31 December 2022	**205.5**	**128.9**	**195.0**	**529.4**

Other changes in 2023 and 2022 mainly consist of parameter update of PD and LGD.

GROSS LOANS TO CUSTOMERS BY SEGMENT

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	2,581.1	244.5	193.1	3,018.7
Consumer loans Finland	4,433.2	419.9	331.7	5,184.7
Consumer loans Sweden	2,308.8	218.7	172.8	2,700.3
Credit cards	756.5	71.6	56.6	884.7
Gross loans to customers as at 31 December 2023	**10,079.6**	**954.7**	**754.2**	**11,788.5**

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	3,122.1	264.4	158.0	3,544.6
Consumer loans Finland	2,512.8	212.8	127.2	2,852.8
Consumer loans Sweden	1,956.2	165.7	99.0	2,220.8
Credit cards	571.3	48.4	28.9	648.7
POS Finance	328.8	27.8	16.6	373.3
Gross loans to customers as at 31 December 2022	**8,491.2**	**719.2**	**429.7**	**9,640.1**

IMPAIRMENTS OF LOANS TO CUSTOMERS BY SEGMENT

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Consumer loans Norway	32.4	19.1	50.6	102.1
Consumer loans Finland	123.5	79.7	163.5	366.7
Consumer loans Sweden	68.6	51.3	75.1	195.0
Credit cards	6.4	12.4	29.8	48.7
Impairments of loans as at 31 December 2023	**230.9**	**162.6**	**319.0**	**712.5**

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

Note 4 Income

Amounts in NOK million	2023	2022
Interest income from loans to customers	1,335.9	895.5
of which sales commissions to agents	-186.0	-130.3
Interest income from loans and deposits with credit institutions	44.1	11.5
Total interest income calculated using the effective interest rate method	**1,380.0**	**907.0**
Other interest income and similar income	-	-
Total other interest income	**-**	**-**
Total interest income	**1,380.0**	**907.0**
Interest expense from deposit customers	-288.5	-68.9
Interest expense from subordinated loans and senior unsecured bond	-14.2	-4.7
Other interest expenses and similar expenses	-57.1	-40.2
Total interest expenses	**-359.8**	**-113.7**
Net interest income	**1,020.2**	**793.3**
Insurance services	40.6	32.2
Other commission income and fees	22.1	20.9
Total commission income and fees	**62.7**	**53.0**
Provisions to other bank connections	-5.8	-4.3
Other commission expenses and fees	-51.8	-39.0
Commission expenses and fees	**-57.6**	**-43.3**
Net commissions and fees	**5.1**	**9.8**
Net gain/(loss) on certificates and bonds	30.7	-1.9
Net currency gain/(loss)	-2.1	-0.2
Net gains/(losses) on certificates, bonds and currency	**28.6**	**-2.1**
Total income	**1,053.9**	**800.9**

Note 5 Operating expenses

Amounts in NOK million	2023	2022
Salaries	-73.6	-98.5
Social security tax and finance tax	-17.7	-23.1
Pension expenses	-6.3	-7.7
Other personnel expenses	-4.6	-4.1
Total personnel expenses	**-102.3**	**-133.4**

The Bank has not given guarantees to any employees, board members or their related parties in 2023 or 2022. All employees, board members and their related parties that have consumer loans, credit card and deposit products in the Bank have them to the ordinary terms and conditions.

All employees, in total 77 persons as at 31 December 2023 and 87 as at 31 December 2022, are covered by the Bank's pension plan. The plan is a defined-contributed plan. The Bank is obliged to have an occupational pension plan in accordance with the Compulsory Occupational Pension Plan Act, and the Bank's plan satisfies the requirements of the Act.

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

Amounts in NOK million	2023	2022
Direct marketing expenses	-22.6	-36.0
IT-expenses	-49.7	-69.4
Other general administrative expenses	-63.0	-53.5
Total general and administrative expenses	**-135.3**	**-159.0**
Insurance	-1.8	-1.7
External audit and related services	-3.0	-2.6
Other consultants	-30.0	-22.2
Other operating expenses	-12.7	-16.6
Total other expenses	**-47.6**	**-43.1**

Specification of fees for external auditor. Amounts in NOK million	2023	2022
Statutory audit	1.4	1.1
Other assurance services	0.5	0.4
Total auditor fees incl. VAT	**1.9**	**1.5**

Note 6 Share option programs

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

Share options for variable remuneration are granted annually after the Annual Report has been approved by the Annual General Meeting (AGM), in line with the Bank's guidelines for variable remuneration. Allocation of share options related to variable remuneration that was earned in 2023 will be allotted after AGM in April 2024. The exact number of share options granted related to bonus will depend on the share's market value at that time and other factors described in the Bank's option plan. Share options for variable remuneration are released (vested) annually over a period of 3 years, the first time one year after grant date.

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

OVERVIEW OF CHANGES IN OPTIONS	2023		2022	
	Quantity	WASP [1]	Quantity	WASP [1]
Outstanding options as at 1 January	3,844,594	1.0	3,941,227	1.0
+ granted	116,906	1.0	401,849	1.0
- exercised	-1,365,604	1.0	-457,294	1.0
- terminated	-17,666	1.0	-41,188	1.0
- expired	-	-	-	-
Outstanding options as at 31 December	**2,578,230**	**1.0**	**3,844,594**	**1.0**
Vested options as at 31 December	2,054,359	1.0	2,670,821	1.0

WASP [1]	Outstanding options		Exercisable options
	Quantity	Remaining vesting period (years)	Quantity
OPTIONS AS AT 31 DECEMBER 2023			
1.0	2,578,230	1.7 years	2,054,359
Total	**2,578,230**		**2,054,359**
OPTIONS AS AT 31 DECEMBER 2022			
1.0	3,844,594	2.3 years	2,670,821
Total	**3,844,594**		**2,670,821**

[1] Weighted average strike price (WASP)

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

Average fair value of granted options in 2023 (grant date) was NOK 4.75 (2022: NOK 6.85), in total NOK 0.6 million (2022: NOK 2.8 million).

Expensed costs in the resultat for share options programs in 2023 were NOK 1.6 million (20221: NOK 2.6 million).

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

The following assumptions are used in the calculation:
- Share price at the time of the grant: The share price equals the listed price at Oslo Stock Exchange at the time of the grant, weighted average in 2023 was NOK 4.77 (2022: NOK 7.77)
- Volatility: Historical volatility is expected to be an indication of future volatility. Expected volatility is therefore equal to historic volatility and was 47% in 2023 (2022: 46%).
- Expiration of the option: The option's expected maturity time was 3.8 years in 2023 (2022: 5.0 years).
- Risk-free rate: Risk-free rate equals the interest rate on 5 year government bonds, i.e. average 3.46% in 2023 (2022: 2.42%).

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Note 7 Tax expenses

Amounts in NOK million	2023	2022
This year's tax expenses is related to:		
Income tax payable	-	-0.2
Adjustment to last year's accrued income tax payable	-	-
Change in deferred tax/deferred tax assets	-54.5	-0.5
Total tax expenses	**-54.5**	**-0.6**
Reconciliation of effective income tax rate		
Profit/(loss) before tax expenses	206.4	1.6
Expected tax expense with nominal tax rate of 25%	**-51.6**	**-0.4**
25% of permanent differences	9.4	6.3
25% of interest expenses on AT1 capital	-6.1	-4.9
25% of temporary differences not impacting income tax payable	-6.2	-1.6
Correction last year's accrued income tax payable	-	-
Total tax expenses	**-54.5**	**-0.6**
Effective tax rate	-26%	-39%
Deferred tax (+)/ deferred tax asset (-) in the balance sheet is related to the following temporary differences:		
Fixed assets	-0.4	-0.4
Leasing agreements	-2.3	-2.5
Certificates and bonds	16.6	-8.5
Other receivables	-	-
Accruals	-0.3	-0.6
Tax losses carried forward	-130.7	-299.0
Tax credit carried forward	-0.9	-0.6
Total temporary differences	**-117.9**	**-311.0**
Tax rate	25%	25%
Deferred tax (+)/ deferred tax asset (-) in the balance sheet	**-29.5**	**-77.9**

Tax losses carried forward is related to the Bank's loss in 2021 and does not have any expiration date. Deferred tax asset is recognised based on the assumption of future tax income.

Note 8 Financial instruments

CLASSIFICATION OF FINANCIAL INSTRUMENTS

	31 Dec 2023			31 Dec 2022		
Amounts in NOK million	Fair value through profit or loss	Amortised cost	Total	Fair value through profit or loss	Amortised cost	Total
Loans and deposits with credit institutions	-	1,530.0	1,530.0	-	807.8	807.8
Loans to customers	-	11,076.0	11,076.0	-	9,110.7	9,110.7
Certifcates and bonds	926.1	-	926.1	1,453.5	-	1,453.5
Other receivables	-	20.7	20.7	-	20.7	20.7
Total financial assets	**926.1**	**12,626.7**	**13,552.8**	**1,453.5**	**9,939.3**	**11,392.8**
	-	-	-	-	-	-
Deposit from customers	-	11,096.0	11,096.0	-	9,347.6	9,347.6
Other debt	-	42.6	42.6	-	78.3	78.3
Subordinated loans	-	165.0	165.0	-	65.0	65.0
Total financial liabilities	**-**	**11,303.5**	**11,303.5**	**-**	**9,490.9**	**9,490.9**

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES ASSESSED AT AMORTISED COST

Loans and deposits with credit institutions
Fair value is estimated to correspond to amortised cost.

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

Other receivables
Fair value is estimated to correspond to amortised cost.

Deposits from customers
Fair value is estimated to correspond to amortised cost.

Other debt
Fair value is estimated to correspond to amortised cost.

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

FINANCIAL INSTRUMENTS AT FAIR VALUE

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

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

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

Level 3: Valuation based on non-observable market data
If a valuation cannot be established in levels 1 or 2, valuation methods are used that are based on non-observable market data.

	31 December 2023				31 December 2022			
Amounts in NOK million	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	926.1	-	926.1	470.5	983.1	-	1,453.5
Total financial assets	**-**	**926.1**	**-**	**926.1**	**470.5**	**983.1**	**-**	**1,453.5**

Certificates and bonds are valued to listed prices when available.

Note 9 Loans and deposits with credit institutions

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Loans and deposits with credit institutions	**1,530.0**	**807.8**
of which restricted loans and deposits:		
Tax withholding funds	4.2	5.2
Other restricted funds	27.7	26.8

There was not any need for impairments, neither as at 31 December 2023 nor as at 31 December 2022.

Note 10 Certificates and bonds

The Banks certificates and bonds are allocated as follows:

Amounts in NOK million	Risk weight	31 Dec 2023	31 Dec 2022
Government certificates	0%	235.7	650.1
Funds with investments in government certificates	0%	220.8	406.2
Covered bonds	10%	204.1	94.1
Market based certificates and bonds	20%	265.5	303.1
Total certificates and bonds		**926.1**	**1,453.5**

Certificates and bonds are measured at fair value.

Note 11 Fixed and intangible assets

Amounts in NOK million	intangible assets	Right-of-use assets	Refitting of office premisses	Fixtures and office equipment	Other	Total
Cost as at 1 January 2022	401.0	19.4	0.9	3.9	0.2	425.3
Additions	57.6	0.8	0.1	0.1	-	58.7
Disposals	-	-	-	-	-	-
Cost as at 31 December 2022	**458.6**	**20.2**	**1.0**	**4.0**	**0.2**	**484.0**
Accumulated depreciation and write-offs as at 1 January 2022	-247.5	-11.6	-0.5	-3.1	-	-262.5
Depreciation	-74.2	-4.3	-0.2	-0.4	-	-79.1
Write-offs	-91.0	-1.8	-	-	-	-92.7
Accumulated depreciation and write-offs as at 31 December 2022	**-413.3**	**-17.6**	**-0.7**	**-3.4**	**-**	**-435.0**
Book value as at 31 December 2022	**45.3**	**2.5**	**0.3**	**0.5**	**0.2**	**48.8**
	-	-	-	-	0	0
Cost as at 1 January 2023	458.6	20.2	1.0	4.0	0.2	484.0
Additions	52.2	20.3	0.1	3.3	-	75.9
Disposals	-	-20.2	-	-	-	-20.2
Cost as at 31 December 2023	**510.9**	**20.3**	**1.1**	**7.3**	**0.2**	**539.7**
Accumulated depreciation and write-offs as at 1 January 2023	-413.3	-17.6	-0.7	-3.5	-	-435,1
Depreciation	-30.6	-3.9	-0.3	-0.9	-	-35,7
Write-offs	-	-	-	-	-	-
Disposals	-	20.2	-	-	-	20,2
Accumulated depreciation and write-offs as at 31 December 2023	**-443.9**	**-1.4**	**-1.0**	**-4.5**	**-**	**-450,8**
Book value as at 31 December 2023	**66.9**	**18.9**	**0.1**	**2.8**	**0.2**	**88,9**
Depreciation period	**3 – 5 years**	**See below**	**See below**	**3-5 year**	**No depr.**	

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

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

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

Throughout 2023, the Bank has continued to focus on streamlining and enhancing operational processes through the launch of a new IT platform. Additionally, the Bank has introduced new digital customer interfaces to strengthen its position in a competitive market, and this initiative will be carried forward into 2024. Customer engagements have been consolidated into a unified ledger system, with the exception of EUR deposits, and the Bank has discontinued several solutions where different setups were previously employed for various products and markets. The operation and management of the Bank's office network have been outsourced, and throughout the year, the Bank has also established a new internal reporting platform. The IT transformation is now in its final stages, and the Bank is witnessing positive effects of this transition in the form of improved process efficiency, reduced operating costs, and decreased operational risk, while also being well-positioned for growth in both new and existing products and markets.

Note 12 Lease agreements

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

The Bank leases office premise in Vollsveien 2A and 2B in Lysaker and parking lots nearby. The lease agreements expires 31 December 2023. See also note 11 for further information regarding the right-of-use assets.

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

Amounts in NOK million	2023	2022
Interest expenses for lease liabilities	1.1	0.4
Total outgoing cash flows for lease agreements	5.1	5.1
Lease liabilities in the balance sheet	21.2	5.0

OUTGOING CASH FLOWS FOR LEASING AGREEMENTS:

Amounts in NOK million	2023	2022
Within 1 year	3,6	5.1
2-4 year	10,7	-
Above 5 years	10,7	-
Total	**25,1**	**5.1**

Note 13 Other debt

The Bank's debt consist of the following:

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Accounts payable	42.6	67.1
Social and other indirect taxes	10.4	9.5
Other short-term debt	72.3	85.6
Total other debt	**125.3**	**162.1**
Subordinated loans (ISIN NO0010941131) 3 months NIBOR + 5.0% interest margin	65.0	65.0
Subordinated loans (ISIN NO0012909235) 3 months NIBOR + 7.0% interest margin	100.0	-
Total subordinated loans (Tier 2)	**165.0**	**65.0**

RECONCILIATION OF SUBORDINATED LOANS:

Amounts in NOK million	2023	2022
Opening balance as at 1 January	65.0	65.0
New Subordinated loan	100.0	-
Amortisation of transaction costs/change interest rate	-	-
Closing balance as at 31 December	**165.0**	**65.0**

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

Expiration date for the loan is 11 May 2033 with the option to call for first time as at 11 May 2028, and thereafter each quarter on every interest payment date.

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

The Bank's average (weighted) offered interest rate in 2022 were 3.17% for Norwegian deposit customers (2022: 1.25%) , 2.66% for German deposit customers (2022: 0.61%) and 3.06% for Swedish deposit customers (2022: 1.19%). The calculation is based on actual interest expenses and average deposit balances each month.

The Bank did not have any unused bank credit limits or other limit facilities as at 31 December 2023 nor 31 December 2022.

Note 14 Capital adequacy

CAPITAL

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Capital		
Booked equity	2,278.9	1,953.3
Additional Tier 1 capital	-199.6	-199.6
Additions:	-	-
Phase-in effect of IFRS 9	84.8	150.3
Deductions:	-	-
Additional value adjustment (AVA)	-0.9	-1.5
Other equity not included in core capital (foreseeable dividends)	-15.1	-0.1
Deferred tax assets and other intangible assets and deductions	-96.4	-123.2
Common equity Tier 1 including phase-in effect of IFRS 9	**2,051.7**	**1,779.3**
Additional Tier 1 capital	199.6	199.6
Core capital including phase-in effect of IFRS 9	**2,251.2**	**1,978.8**
Subordinated loans (Tier 2)	165.0	65.0
Total capital including phase-in effect of IFRS 9	**2,416.2**	**2,043.8**

CAPITAL EXCLUDING PHASE-IN EFFECTS OF IFRS 9

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Common equity Tier 1 excluding phase-in effect of IFRS 9	1,966.9	1,629.0
Core capital excluding phase-in effect of IFRS 9	2,166.4	1,828.5
Total capital excluding phase-in effect of IFRS 9	2,331.4	1,893.5

CALCULATION BASIS

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Loans and deposits with credit institutions	306.0	161.6
Loans to retail customers and phase-in effect IFRS 9	8,489.2	7,018.3
Covered bonds	40.8	70.0
Other assets	36.7	32.8
Calculation basis credit risk including phase-in effect of IFRS 9	**8,872.6**	**7,282.7**
Calculation basis operational risk (standardised approach)	1,365.6	1,388.9
Total calculation basis including phase-in effect of IFRS 9	**10,238.2**	**8,671.5**
Total calculation basis excluding phase-in effect of IFRS 9	**10,165.2**	**8,544.9**

CAPITAL RATIOS INCLUDING PHASE-IN EFFECT OF IFRS 9	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 (CET1)	20.0%	20.5%
Core capital	22.0%	22.8%
Total capital	23.6%	23.6%

CAPITAL RATIOS EXCLUDING PHASE-IN EFFECT OF IFRS 9	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 (CET1)	19.3%	19.1%
Core capital	21.3%	21.4%
Total capital	22.9%	22.2%

As at 31 December 2023, the Bank had a Liquidity Coverage Ratio (LCR) of 310% (31 December 2022: 451%) and a Net Stable Funding Ratio (NSFR) of 125% (31 December 2022: 127%). The Bank's internal objective is to have LCR og NSFR of minimum 125% and 115% respectively.

The Bank's leverage ratio as at 31 December 2023 was 13.9% (31 December 2022: 14.9%).

The Bank's regulatory Pillar 1 and Pillar 2 minimum as at 31 December 2023 were capital adequancy 16.1% (31 December 2022: 17.6%), core capital 17.6% (31 December 2022: 19.1%) and total capital 19.6% (31 December 2022: 21.1%). These capital requirements includes a Pillar 2 requirement of 6.5% (31 December 2022: 6.5%) and a counter cyclical requirement of 1.2% (31 December 2022: 1.1%). The Bank's regulatory minimum for leverage ratio equals 5.0% (31 January 2022: 5.0%).

Morrow Bank has a capital adequacy objective of 20.6% (31 January 2022: 22.1%), including a Common Equity Tier 1 adequacy of 17.1% (31 January 2022: 18.6%) to provide leverage forthe Bank's growth strategy.

Note 15 Risk management

General

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

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

The Bank is exposed to different types of business risk. Operational risk and credit risk are two key risks described in more detail below.

Operational risk

The Bank's strategy for operational risk is defined in the Bank's policy for operational risk. According to the Bank's general principles, there shall be procedures for identifying and reporting operational risk. Operational risk shall be measured and managed based on systematic assessments of operational risk factors and operational risk assessments. This shall be included as an integral part of the decision-making process in the Bank. The measurement methods applied shall fulfil the measurement methods for main categories of risk.

Credit risk

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

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

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

Note 16 Credit risk

MAXIMUM EXPOSURE LOANS TO CUSTOMERS AS AT 31 DECEMBER 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Time horizon	Probability of default
Consumer loans Norway - risk class A	3,345.5	-	-	12 months	<3,5%
Consumer loans Norway - risk class B	-	201.0	-	Lifetime	25,1%
Consumer loans Norway - risk class C	-	26.3	-	Lifetime	56,4%
Consumer loans Norway - risk class D	-	-	50.7	Lifetime	100,0%
Consumer loans Finland - risk class A	4,674.0	-	-	12 months	6,2%
Consumer loans Finland - risk class B	-	390.4	-	Lifetime	38,0%
Consumer loans Finland - risk class C	-	47.7	-	Lifetime	65,2%
Consumer loans Finland - risk class D	-	-	222.6	Lifetime	100,0%
Consumer loans Sweden - risk class A	2,533.7	-	-	12 months	5,7%
Consumer loans Sweden - risk class B	-	206.1	-	Lifetime	44,2%
Consumer loans Sweden - risk class C	-	21.9	-	Lifetime	71,4%
Consumer loans Sweden - risk class D	-	-	69.9	Lifetime	100,0%
Credit cards - risk class A	2,014.7	-	-	12 months	<3,0%
Credit cards - risk class B	-	93.5	-	Lifetime	13.5% - 41,5%
Credit cards - risk class C	-	8.5	-	Lifetime	55,0% - 55,5%
Credit cards - risk class D	-	-	51.8	Lifetime	100,0%
Total maximum exposure loans to customers	**12,568.0**	**995.5**	**394.9**		

MAXIMUM EXPOSURE LOANS TO CUSTOMERS AS AT 31 DECEMBER 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Time horizon	Probability of default
Consumer loans Norway - risk class A	4,519.3	-	-	12 months	<4,5%
Consumer loans Norway - risk class B	-	244.0	-	Lifetime	37,4%
Consumer loans Norway - risk class C	-	22.3	-	Lifetime	64,6%
Consumer loans Norway - risk class D	-	-	188.8	Lifetime	100,0%
Consumer loans Finland - risk class A	3,330.4	-	-	12 months	<5,0%
Consumer loans Finland - risk class B	-	227.8	-	Lifetime	45,3%
Consumer loans Finland - risk class C	-	19.6	-	Lifetime	51,9%
Consumer loans Finland - risk class D	-	-	126.7	Lifetime	100,0%
Consumer loans Sweden - risk class A	2,354.4	-	-	12 months	<6,7%
Consumer loans Sweden - risk class B	-	149.8	-	Lifetime	48,9%
Consumer loans Sweden - risk class C	-	20.2	-	Lifetime	70,2%
Consumer loans Sweden - risk class D	-	-	66.9	Lifetime	100,0%
Credit cards - risk class A	2,014.7	-	-	12 months	<3,0%
Credit cards - risk class B	-	62.8	-	Lifetime	23,0% - 27,1%
Credit cards - risk class C	-	5.6	-	Lifetime	56,6% - 65,0%
Credit cards - risk class D	-	-	52.3	Lifetime	100,0%
POS Finance - risk class A	262.6	-	-	12 months	<2,6%
POS Finance - risk class B	-	34.0	-	Lifetime	28,3%
POS Finance - risk class C	-	-	54.2	Lifetime	100,0%
Total maximum exposre loans to customers	**12,481.4**	**786.1**	**488.9**		

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

For additional information, see also note 3 regarding loan losses and impairments on loans.

SENSITIVITY AS AT 31 DECEMBER 2023:

	Consumer loans			Credit cards	POS Finance	
Amounts in NOK million	Norway	Finland	Sweden	NO/FI/SE	NO/SE	Total
Sensitivity by changing loss given default (LGD)						
Profit or loss effect at 1%-point change	2.2	7.5	3.4	1.0	-	14.2
Profit or loss effect at 2%-point change	4.4	15.0	6.8	2.1	-	28.3
Profit or loss effect at 5%-point change	11.0	37.5	17.1	5.2	-	70.8
Sensitivity by changing probability of default (PD)						
Profit or loss effect at 1%-point change	10.6	23.2	13.6	5.2	-	52.6
Profit or loss effect at 2%-point change	21.1	46.4	27.2	10.4	-	105.2
Profit or loss effect at 5%-point change	52.8	116.0	68.1	26.0	-	262.9
Sensitivity by changing macroeconomic adjustments						
Profit or loss effect at 1%-point change	0.6	2.2	1.3	0.2	-	4.2
Profit or loss effect at 2%-point change	1.1	4.4	2.5	0.4	-	8.4
Profit or loss effect at 5%-point change	2.8	11.0	6.3	1.0	-	21.0

SENSITIVITY AS AT 31 DECEMBER 2022:

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

Note 17 Liquidity and interest rate risk

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

Liquidity risk

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

DISTRIBUTION OF TERMS AS AT 31 DECEMBER 2023

Amounts in NOK million	No defined term	< 3 months	3 months < 1 year	1 year < 5 years	Over 5 years	Total
Loans and deposits with credit institutions	1,530.0	-	-	-	-	1,530.0
Loans to customers	9,810.6	1.6	8.9	2,884.2	-	12,705.4
Certificates and bonds	926.1	-	-	-	-	926.1
Other receivables	123.9	9.2	-	-	-	133.1
Total assets	**12,390.6**	**10.8**	**8.9**	**2,884.2**	**-**	**15,294.6**
Deposits from customers	11,085.5	-	10.5	-	-	11,096.0
Other debt	82.7	42.6	-	-	-	125.3
Subordinated loans	-	1.4	4.1	22.0	82.9	267.7
Total liabilities	**11,168.2**	**43.9**	**14.6**	**22.0**	**82.9**	**11,489.0**

DISTRIBUTION OF TERMS AS AT 31 DECEMBER 2022

Amounts in NOK million	No defined term	< 3 months	3 months < 1 year	1 year < 5 years	Over 5 years	Total
Loans and deposits with credit institutions	807.8	-	-	-	-	807.8
Loans to customers	5,638.6	-	9.6	4,864.5	-	10,512.7
Certificates and bonds	1,453.5	-	-	-	-	1,453.5
Other receivables	-	20.7	-	-	-	20.7
Total assets	**7,899.9**	**20.7**	**9.6**	**4,864.5**	**-**	**12,794.7**
Deposits from customers	7,803.5	80.0	50.6	-	-	7,934.1
Other debt	-	38.6	-	-	-	38.6
Subordinated loans	-	1.0	2.9	15.5	81.4	100.8
Total liabilities	**7,933.8**	**119.6**	**53.5**	**15.5**	**81.4**	**8,073.4**

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

The Bank had no financial instruments that were not recognised as at 31 December 2023 nor as at 31 December 2022. See also the Report from the Board of Directors for further information and discussion of the Bank's liquidity risk.

Interest rate risk

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

INTEREST RATE RISK AS AT 31 DECEMBER 2023

Amounts in NOK million	0 month < 3 months	No interest	Total
Loans and deposits with credit institutions	1,530.0	-	1,530.0
Loans to customers	11,076.0	-	11,076.0
Certificates and bonds	926.1	-	926.1
Other receivables	-	9.2	9.2
Total assets	**13,532.1**	**9.2**	**13,541.3**
Deposits from customers	11,096.0	-	11,096.0
Other debt	-	42.6	42.6
Subordinated loans	165.0	-	165.0
Total liabilities	**11,261.0**	**42.6**	**11,303.5**

INTEREST RATE RISK AS AT 31 DECEMBER 2022

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

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

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Loans and deposits with credit institutions	0.6	0.3
Loans to customers	18.5	15.2
Certificates and bonds	4.5	6.0
Other receivables	-	-
Total assets	**23.5**	**21.5**
Deposits from customers	-18.5	-15.6
Other debt	-	-
Subordinated loans	-0.3	-0.1
Total liabilities	**-18.8**	**-15.7**
Total net interest rate risk	**4.7**	**5.8**

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

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Effect in profit or loss by changing 1%	0.4	0.0
Effect in profit or loss by changing 2%	0.7	0.1
Effect in profit or loss by changing 5%	1.8	0.1

The Bank's currency exposure as of 31December 2023, amounted to EUR -1.9 million (December 31, 2022: EUR 0.7 million) and SEK -14.9 million (31 December 2022: SEK -11.2 million).

Note 18 Earnings per share

	2023	2022
Number of shares as at 1 January	187,594,488	187,137,194
Issued shares	41,769,644	457,294
Number of shares as at 31 December	**229,364,132**	**187,594,488**
Average number of shares	214,792,891	187,464,519
Average number of diluted shares	218,004,303	191,357,429

Amounts in NOK million	2023	2022
Profit/(loss) after tax	151.9	0.9
Paid interest on Tier 1 capital after tax	-18.2	-14.8
Adjusted profit/(loss) after tax	**133.7**	**-13.8**
Earnings per share (NOK)	0.62	-0.07
Diluted earnings per share (NOK)	0.61	-0.07

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

Note 19 Shareholders

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

Overview of the 20 largest shareholders as at 31 December 2023:	Number of shares	Ownership in %	Shareholder structure
Kistefos AS	44,927,000	19.6%	
UBS AG	19,715,552	8.6%	NOM
Alfab Holding AS	11,072,048	4.8%	
DNB Bank ASA	10,225,969	4.5%	
The Bank Of New York Mellon SA/NV	9,075,558	4.0%	NOM
Skandinaviska Enskilda Banken AB	7,800,000	3.4%	NOM
The Bank Of New York Mellon SA/NV	5,842,738	2.5%	NOM
Melesio Invest AS	4,607,102	2.0%	
AS Audley	4,345,750	1.9%	
OM Holding AS	4,209,465	1.8%	
Stiftelsen Kistefos-Mueseets Driftsfond	4,000,000	1.7%	
Directmarketing Invest AS	3,715,043	1.6%	
Christiania Skibs AS	3,100,897	1.4%	
The Bank Of New York Mellon SA/NV	3,059,767	1.3%	
Caceis Investor Services Bank S.A.	2,784,444	1.2%	NOM
Obligasjon 2 AS	2,539,660	1.1%	
Hans Eiendom AS	2,500,000	1.1%	
Belair AS	2,463,538	1.1%	
Khaya AS	2,290,658	1.0%	
Hjellegjerde Invest AS	2,157,426	0.9%	
Total 20 largest shareholders	**150,432,615**	**65.6%**	
Other shareholders	78,931,517	34.4%	
Total	**229,364,132**	**100.0%**	

Overview of the 20 largest shareholders as at 31 December 2022:	Number of shares	Ownership in %	Shareholder structure
Kistefos AS	35,747,285	15.6%	
UBS AG	17,493,330	7.6%	NOM
Alfab I AS	9,111,492	4.0%	
Sparebank 1 Markets AS	8,960,000	3.9%	
Skandinaviska Enskilda Banken AB	6,400,000	2.8%	NOM
RBC Investor services bank S.A.	5,066,254	2.2%	NOM
The Bank of New York Mellon SA/NV	4,946,492	2.2%	
BNP Paribas Arbitrage SNC	4,506,670	2.0%	
OM Holding AS	4,209,465	1.8%	
Melesio Invest AS	3,485,068	1.5%	
Directmarketing Invest AS	3,415,043	1.5%	
Christiania Skibs AS	3,100,897	1.4%	
Obligasjon 2 AS	2,580,000	1.1%	
Khaya AS	2,371,403	1.0%	
The Bank of New York Mellon SA/NV	2,022,244	0.9%	
Dingja Holding AS	1,859,961	0.8%	-
Sniptind Invest AS	1,739,699	0.8%	
Contribute AS	1,621,279	0.7%	
Stiftelsen Kistefos-Mueseets Driftsfond	1,500,000	0.7%	
Camak Managament AS	1,441,000	0.6%	
Total 20 largest shareholders	**121,577,582**	**53.0%**	
Other shareholders	66,016,906	28.8%	
Total	**187,594,488**	**100.0%**	

Note 20 Remuneration etc.

Seperate reports for guidelines remuneration to key personnel and report of salary and other remunerations paid to management employees is published at the Bank's website, see ir.morrowbank.com.

Fees paid to the Board of Directors:

Amounts in NOK million	2023	2022
Stig Eide Sivertsen (Chairman og the Board)	0.9	0.8
Bodil Palma Hollingsæter (Vice Chair)	0.6	0.6
Thomas Bjørnstad (board member)	0.4	0.2
Anna-Karin Østlie (board member)	0.4	0.2
Nicolai Lunde (board member from AGM 2023)	0.3	-
Nishant Fafalia (board member until AGM 2023)	0.2	0.4
Live Bertha Haukvik (board member until AGM 2022)	-	0.2
Harald Hjorthen (board member until AGM 2022)	-	0.2
Jonna Kyllönen (employee-elected board member)	0.1	0.1
Per Olav Mikaelsen (employee-elected board member from 19.01.2023)	0.1	-
Erik Hellqvist (employee-elected board member until April 2022)	-	0.1
Frank James Wilson (employee-elected board member from April 2022 until February 2023)	0.0	0.1
Angelica Rehnlund (deputy employee-elected board member from 19.01.2023)	0.0	-
Ulrik Graff Bakkevold (deputy employee-elected board member from 19.01.2023)	0.0	-
Stina Åslund (deputy employee-elected board member from April 2022 until January 2023)	0.0	0.0
Joseph Suleiman (deputy employee-elected board member from April 2022 until November 2022)	0.0	0.0
Total fees paid to the Board of Directors	**3.1**	**2.8**

Salaries and remuneration to key personell 2023

Amounts in NOK million		Fixed salary: Salary	Fixed salary: Value of share options [1]	Other remuneration: Variable salary [2]	Other remuneration: Other rem.	Other remuneration: Pension	Total
Chief Executive Officer (CEO)	Øyvind Oanes	4.1	-	-	0.0	0.1	4.2
Chief Financial Officer (CFO), and Deputy CEO	Eirik Holtedahl	2.2	-	0.4	0.0	0.1	2.8
Chief Commercial Officer (CCO) to 30 September 2023	Enok S. Hanssen	1.4	-	0.4	0.0	0.1	1.9
Chief Credit Risk Officer (CCRO)	Annika Ramstedt	2.2	-	0.4	0.0	0.1	2.8
Chief Technology Officer (CTO)	Martin Valland 3)	-	-	-	-	-	-
Chief Operations Officer (COO)	Wilhelm B. Thomassen	2.3	-	0.5	0.0	0.1	3.0
Chief Commercial Officer (CCO), from 1 December 2023	Tony Rogne	0.2	-	-	0.0	0.0	0.2
Total		**12.5**	**-**	**1.7**	**0.0**	**0.7**	**14.9**

1 The value is based on market value at the grant date.

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

3 Martin Valland has been hired as a consultant. Invoiced fee in 2023 was NOK 4.7 million including VAT.

Salaries and remuneration to key personell 2022

Amounts in NOK million		Fixed salary: Salary	Fixed salary: Value of share options [1]	Other remuneration: Variable salary [2]	Other remuneration: Other rem.	Other remuneration: Pension	Total
Chief Executive Officer (CEO)	Øyvind Oanes	4.0	-	-	0.0	0.1	4.1
Chief Financial Officer from 12 January 2022 and Deputy CEO	Eirik Holtedahl	2.0	-	0.0	0.1	2.6	2.6
Chief Financial Officer (CFO), to 12.01.20222	Henning Fagerbakke	0.2	-	0.0	0.0	0.2	0.2
Chief Operations Officer (COO)	Wilhelm B. Thomassen	2.2	-	0.0	0.1	2.9	2.9
Chief Credit Risk Officer (CCRO)	Annika Ramstedt	2.0	-	0.0	0.1	2.7	2.7
Chief Commercial Officer (CCO)	Enok S. Hanssen	1.8	-	0.0	0.1	2.4	2.4
Chief Technology Officer (CTO) from 1 March 2022	Martin Valland	-	-	-	-	-	-
Chief Technology Officer (CTO) to 28 February 2022	Steffen Ryengen	0.3		0.0	0.0	0.4	0.4
Total		**12.5**	**-**	**0.0**	**0.6**	**15.2**	**15.2**

1 The value is based on market value at the grant date.

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

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

SHARES OWNED BY THE MANAGAMENE TEAM AND THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2023

Role	Name	Number of shares (in thousand)
Chief Executive Officer (CEO)	Øyvind Oanes	403
Chief Financial Officer (CFO)	Eirik Holtedahl	2,464
Chief Operations Officer (COO)	Wilhelm B. Thomassen	2,108
Chief Credit Risk Officer (CCRO)	Annika Ramstedt	148
Chief Technology Officer (CTO)	Martin Valland	136
Chief Commercial Officer (CCO)	Tony Rogne	-
Members of the Board of Directors		1,365
Total		**6,624**

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

Title	Name	Number of shares (in thousand)
Chief Executive Officer (CEO)	Øyvind Oanes	230
Deputy CEO	Eirik Holtedahl	961
Chief Operations Officer (COO)	Wilhelm B. Thomassen	1,882
Chief Credit Risk Officer (CCRO)	Annika Ramstedt	128
Chief Commercial Officer (CCO)	Enok S. Hanssen	100
Members of the Board of Directors		250
Total		**3,551**

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

Note 21 Related parties

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

Note 22 Alternative performance measures

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

RETURN ON EQUITY (ROE)

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

Amounts in NOK million	2023	2022
Profit/(loss) after tax	151.9	0.9
Interest after tax on additional Tier 1 capital	-18.2	-14.8
Average equity	1,916.6	1,759.1

ROE 2023: (151.9-18,2)/1,916.6 = 7.0%
ROE 2022: (0.9-14.8)/1,759.1= -0.8%

COST PERCENTAGE

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

Amounts in NOK million	2023	2022
Total operating expenses excluding losses on loans and marketing expenses	320.9	507.3
Total income	1,053.9	800.9
Marketing expenses	22.6	36.0

Cost / Income 2023: 320.9 / 1,053.9 = 30.4%
Cost / Income 2022: 507.3 / 800.9 = 63.3%

Cost / Income 2023: (320.9 - 22.6) / 1,053.9 = 28.3%
Cost / Income 2022: (507.3 - 36.0) / 800.9 = 58.8%

LOSS PERCENTAGE/LOSS RATIO

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

Amounts in NOK million	2023	2022
Losses on loans	526.7	292.1
Average loans to customer	10,714.3	8,930.1

Loss percentage 2023: 526.7 / 10,714.3 = 4.9%
Loss percentage 2022: 292.1 / 8,930.1 = 3.3%

ADJUSTED RETURN ON EQUITY (ROE ADJUSTED)

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

Amounts in NOK million	2023	2022
Profit/(loss) after tax	151.9	0.9
+ One-off cost related to losses on loans after tax	0.0	0.0
- Interest after tax on additional Tier 1 capital	18.2	14.8
= Adjusted profit/(loss) after tax	**138.2**	**-13.8**
Average equity	1,916.6	1,759.1
+ Average one-off cost related to losses on loans after tax	-	-
= Adjusted average equity	**1,916.6**	**1,759.1**

ROE adjusted 2023: (151.9-18.2)/1,916.6 = 7.0%
ROE adjusted 2022: (0.9-14.8)/1,759.1= -0.8%

ADJUSTED LOSS PERCENTAGE/LOSS RATIO

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

Amounts in NOK million	2023	2022
Losses on loans	526.7	292.1
- One-off cost related to losses on loans	-	-
= Adjusted losses on loans	**526.7**	**292.1**
Average loans to customers	10,714.3	8,930.1
+ Adjustment loans to customers	-	-
= Average adjusted loans to customers	**10,714.3**	**8,930.1**

Adjusted loss percentage 2023: 526.7 / 10,714.3 = 4.9%
Adjusted loss percentage 2022: 292.1 / 8,930.1 = 3.3%

Note 23 Off-balance-sheet items

Unused limits and credit facilities as at 31 December 2023 was NOK 5,072,6 million (31 December 2022: NOK 4,371.7 million). Approved and offered loans not yet paid out as at 31 December 2022 amounted NOK 418.4 million (31 desember 2022: NOK 914.0 million).

The tax authorities in Norway disagreed with the Bank's treatment of reverse charge for certain services after their control of the period January 2017 to April 2018. The Bank received a decision in August 2021 which concluded missing reverse charge amounted to NOK 2.2 million and extra tax and interest of NOK 0.6 million. The Bank disagrees with the tax authorities' decision and has appealed to the Tax Appeals Board in Norway. The date for processing the complaint has not been set. The Bank has not made any provision for this as at 31 December 2023.

Note 24 Other significant events

The Bank changed its name in April 2023, transitioning from the former Komplett Bank ASA to Morrow Bank ASA. The new name was introduced simultaneously with the Bank concluding its product collaboration with Komplett Group, and the new brand is linked to the Bank's strategic efforts.

In 2023, Morrow Bank conducted two share issuances, one in February and the other in June. In both instances, new shares were issued, totaling 40 million shares and generating a gross proceeds of NOK 200 million. Additionally, in May 2023, a subordinated loan of NOK 100 million was issued. These transactions aim to optimize the capital structure of the Bank.

Note 25 Subsequent events

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

To the General Meeting of Morrow Bank ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Morrow Bank ASA (the Company), which comprise the balance sheet as at 31 December 2023, comprehensive income statement, comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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

Basis for Opinion

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

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

We have been the auditor of the Company for 11 years from the election by the general meeting of the shareholders on 10 October 2012 for the accounting year 2013.

Key Audit Matters

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

The Company's business activities are mainly unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key audit matters for our audit. The area The value of loans to customers has the same characteristics and risks as last year and has therefore been an important area of focus in our audit also in 2023.

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Key Audit Matters	How our audit addressed the Key Audit Matter
The value of loans to customers	
Loans to customers represents a considerable part of the Company's total assets. The assessment of loan loss provisions is a model-based framework which includes assessments with elements of management judgment. The framework, is complex, includes considerable volumes of data and judgmental parameters, which is the basis for a risk classification of loans. The framework and the use of management judgment affect the profit for the period. In line with IFRS 9, credit losses should be based on forward-looking information, so that it reflects expected losses. The use of models to determine expected credit losses entails judgement. In our audit we have focused on: • Managements process for identification of loans which represent a significant increase in credit risk. • Assumptions and judgments made by management of the underlying parameters such as the probability of default (PD) and loss given default (LGD) and calculations made. • How the loans are classified into different stages. The Company's business is concentrated on consumer loans, credit cards and point of sales. Its internal models are designed to take into account the specific characteristics of each of its products and enable the Company to estimate loan loss impairment provisions for each of these products. See notes 1.2, 3 and 16 for the description of the Company's models and processes to estimate loan-loss impairment provisions based on IFRS 9.	We have evaluated and tested the design and effectiveness of controls related to the loan loss provision models. Testing of these controls, focusing on the classification of the loans in correct stages, were performed to verify the models' input parameters, to verify that the model made mathematically accurate calculations. We found that we could base our audit on these controls. We checked the accuracy of the data used in the calculation of the loan loss provision by tracing data back to registration in the systems on a sample basis. The impact of the pandemic, including the impact on the loan loss model, was discussed with management. We also tested whether the models made mathematically accurate calculations, for the portfolio of loans for which our testing was not based on test of controls. To assess whether the setting of parameters related to the probability of default were appropriate, we interviewed management and challenged the relevance and the methods applied. The test results showed that management had used appropriate assumptions in their evaluation of parameters. We obtained a detailed understanding of the processes and tested the controls associated with: • the calculation and methodologies used; • whether the models used were in accordance with the applicable framework and worked as intended, and • the reliability and accuracy of the data used for calculation purposes in the models. Our testing of internal controls did not indicate material errors in the modelling or deviations from IFRS 9. We tested whether the models classified loans in the correct stage and whether the loans were subject to significant increased credit risk by sample size testing of loans against due date and payment history registered in the Company's system. Our work also included tests of the Company's financial reporting systems relevant to financial reporting. The Company uses external service

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

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

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

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

Opinion
As part of the audit of the financial statements of Morrow Bank ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name morr-2023-12-31-nb.xhtml, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

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

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

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

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

Oslo, 19 March 2024
PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.

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