



Interim report
Second quarter 2019

Highlights and key figures

Growth

- Net loans grew by NOK 187 million in the quarter and by NOK 1,289 million (19%) year-on-year
- Loans Finland experienced strong growth of NOK 260 million while growth in Sweden remained at a stable, good level
- In Norway, net loans declined by NOK 174 million net of NOK 178 million in forward flow NPL sales. Lending growth in Norway was also impacted by regulatory developments
- Total net loans as at 30 June 2019 were NOK 8.1 billion
- In May 2019, Komplett Bank launched a new consumer lending product to ensure compliance with the new Norwegian consumer lending regulations. The Bank is developing new consumer lending products to strengthen Komplett Bank's competitiveness in the Norwegian market, products to be launched in H2 2019

Profitability

- Total income for Q2 2019 was NOK 295.2 million, up from NOK 282.8 million in Q1 2019. The increase is driven by lending growth, improved funding costs and a higher number of interest days in the quarter
- Costs increased in the quarter, impacted by NOK 11 million in non-recurring costs and a NOK 18 million administrative fee from the FSA related to anti-money laundering (AML) procedures
- Non-recurring costs arose from external support related to regulatory developments and strategic projects
- Loan loss ratio was 3.9%, up from 3.7% compared to Q1 2019
- Profit after tax was NOK 61.4 million, down from NOK 76.4 million in the previous quarter. Adjusted for the AML administrative fee of NOK 18 million, profit after tax was NOK 79.4 million
- Return on equity (ROE)* adj. for AML administrative fee was 18.6% and return on assets (ROA) adj. was 3.1%, down from 18.8% and 3.2% in Q1 2019

Capital Adequacy

Komplett Bank remains well capitalised and its CET1 ratio remained stable at a high level of 22.0% compared to 21.8% in Q1 2019, above the financial target of 19.2%.

NOK million, unless otherwise specified	Q2 19	Q1 19	Q2 18	1H 19	1H 18	2018
Net interest income	275	264	231	539	438	959
Growth, Y/Y	19 %	27 %	42 %	23 %	47 %	43 %
Pre-tax operating profit	89	102	116	191	213	443
Profit after tax	61	76	88	138	159	331
Profit growth, Y/Y	-30 %	7 %	54 %	-13 %	46 %	21 %
Cost / Income (ex marketing)	35 %	28 %	23 %	32 %	23 %	22 %
Cost / Income (ex marketing and AML fee)	29 %	28 %	23 %	29 %	23 %	22 %
Net loans to customers, end date	8,090	7,903	6,801	8,090	6,801	7,844
Loan growth, Y/Y	19 %	34 %	49 %	19 %	49 %	44 %
ROE, annualised *)	14 %	19 %	26 %	17 %	23 %	23 %
ROE ex AML Fee, annualised	19 %	19 %	26 %	19 %	23 %	23 %
ROA, annualised **)	2.4 %	3.2 %	4.7 %	2.8 %	4.5 %	4.1 %
ROA ex AML fee, annualised	3.1 %	3.2 %	4.7 %	3.1 %	4.5 %	4.1 %
EPS, annualised ***)	1.33	1.74	2.03	1.53	1.84	1.91
EPS ex AML fee, annualised	1.72	1.74	2.03	1.73	1.84	1.91

* $ROE = 4 \times \text{Profit after tax in the quarter} / (\text{quarterly average total equity} - \text{average AT1 capital})$

** $ROA = 4 \times \text{Profit after tax in the quarter} / \text{quarterly average assets}$

*** $EPS = 4 \times (\text{Profit After Tax} - \text{payment to AT1 capital investors}) / \text{Average number of shares in period}$

About Komplett Bank ASA

Komplett Bank ASA (the “Bank”) started operations in March 2014 when the company received its banking licence from the Norwegian authorities. Komplett Bank focuses on offering convenient consumer financing products.

The Bank’s main products are consumer loans, comprising Komplett Bank’s “flexible loan,” a loan product with credit line functionality that gives the customer more flexibility in use of the credit line and annuity loans, launched in May 2019. In addition, the Bank offers “Komplett Bank MasterCard”, a credit card with product features tailored for online shopping as well as Point-of-sales (POS) finance products. The Bank offers deposit products with highly attractive interest rates in both Norway and Germany. As a member of the Norwegian Banks’ Guarantee Fund, customer deposits are guaranteed up to NOK 2 million (EUR 100,000 in Germany) per customer.

Canica Invest AS, the owner of the leading web retailer in the Nordic countries, the Komplett Group, is Komplett Bank’s largest shareholder with an ownership of 20%. The Bank has a long-term strategic cooperation with the Komplett Group.

The Bank follows a growth strategy based on geographical and product-wise diversification and expansion. The strategy is founded on a digital, scalable, efficient and low-cost operating model combined with strong risk control. 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).

The Bank launched consumer loans in Norway in Q1 2014, in Finland in Q1 2017 and Sweden in Q1 2018. In May 2019, the Bank launched a new annuity loan product tailored to meet new consumer lending regulations in Norway. The Bank is expecting to launch an additional consumer lending product tailored for refinancing in the second half of 2019. Credit card operations started in Norway in 2015, in Sweden in Q1 2019 and in Finland in Q2 2019. POS Finance products were launched in Norway and Sweden in Q3 2017 and Q2 2018, respectively. In Q4 2018 the Bank launched EUR denominated deposits in Germany and plans to introduce SEK denominated

deposit products in Sweden in the second half of 2019.

In the near- to medium term, lending operations will be focused on the Nordic region and the Bank will continue its expansion by developing its current product portfolio in existing markets.

Financial figures for Q2 2019

All figures are prepared and presented in accordance with IFRS.

Net loans grew by NOK 187 million in Q2 2019, driven primarily by Finland and Sweden, which grew by NOK 260 million and NOK 113 million, respectively. Net loans in Norway declined by NOK 174 million in the quarter, net of NOK 178 million in non-performing loans sold as part of the Bank’s forward flow agreement. In 2019, lending growth in Norway has been impacted by new consumer lending regulations, part of which directly impacted the competitiveness of Komplett Bank’s flexible loan product, particularly in the refinancing segment. Growth in Norway has also been impacted by targeted credit measures implemented in October 2018. Net loan growth for Point-of-sales finance was NOK 8 million, down from NOK 23 million in Q1 2019. Credit cards declined by NOK 18 million in the quarter, reduced by NOK 45 million in forward flow. The Bank expects growth for credit cards in Sweden and Finland to pick up in the second half of 2019.

Net interest income amounted to NOK 275.0 million, up from NOK 264.1 million in Q1 2019. Net commissions and fees amounted to NOK 17.8 million. Total income was NOK 295.2 million, up 4.4% compared to the previous quarter driven by lending growth, a higher number of interest days in Q2 2019 and lower funding costs in the quarter.

Operating expenses, excluding marketing expenses, were NOK 104.6 million (Q1 2019: NOK 79.6 million), adversely effected by a NOK 18 million administrative fee recognized in the quarter. Komplett Bank was notified of the fee in July 2019, which was imposed by the FSA following shortcomings of the Bank’s anti-money laundering (AML) procedures. Komplett Bank also incurred NOK 11 million in non-recurring costs from the engagement of external support following the FSA report in addition to the exploration of strategic opportunities. The corresponding cost-income ratio

ex marketing increased to 35.4% in Q2 2019 from 28.1% in the previous quarter. Adjusted for the AML administrative fee, cost-to income ratio ex marketing was 29.3% in the quarter. Direct marketing expenses amounted to NOK 23.6 in Q2 2019, down from NOK 28.6 million in Q1 2019.

Losses on loans in Q2 2019 amounted to NOK 78.5 million, up from NOK 72.3 million in Q1 2019. The resulting quarterly loan loss ratio¹ was 3.9%, up from 3.7% in Q1 2019. Losses on loans were impacted by estimate changes in the quarter, corresponding to a net increase in losses on loans of NOK 4 million.

In November, Komplett Bank's forward flow agreement with Axactor for the sale of NPL portfolios on a monthly basis will expire. As a result, Komplett Bank increased the loss given default (LGD) parameter for its Norwegian portfolio. This resulted in a negative implementation effect of NOK 29 million on losses on loans. If no new forward flow contract is entered into, approximately the same negative effect is expected in H2.

The Bank reviewed its estimates for future credit conversion factor (CCF) of unused credit limit at the reporting date, which resulted in a positive implementation effect of NOK 25 million on losses on loans.

Profit after tax was NOK 61.4 million in Q2 2019, down from 76.4 million in the previous quarter. Profit after tax adjusted for the AML administrative fee was NOK 79.4 million in the quarter.

Total assets at 30 June 2019 amounted to NOK 10,698 million, up from NOK 9,552 million at 31 March 2019. Net loans to customers ended at NOK 8,090 million (NOK 7,903 million). Deposits from customers amounted to NOK 8,432 million (NOK 7,281 million), driven primarily by growth in EUR denominated deposits, which amounted to NOK 1,917 million at 30 June 2019.

Total equity was NOK 1,784 million (NOK 1,721 million). Komplett Bank is well capitalised and had a total capital ratio of 23.4% (23.3%) with a CET1 ratio of 22.0% (21.8%) as of 30 June 2019. Bank deposits and liquid securities amounted to NOK 2,464 million (NOK 1,510 million) corresponding to 23.0% (15.8%) of total assets.

¹ *Losses on loans = 4* Quarterly losses on loans / Average net loans over the period*

Gross defaulted loans at the end of Q2 2019 amounted to NOK 955.2 million (NOK 868.9 million). Loan impairments amounted to NOK 548.0 million (NOK 500.2 million).

Regulatory update

On 15 May 2019, new temporary regulations regarding lending practices for unsecured credit came into effect. The new regulations are based on guidelines previously issued by the Financial Supervisory Authority of Norway (FSA) in 2017 and will be in place until 31 December 2020. Komplett Bank has implemented all necessary changes and are compliant with the new regulation.

The new government regulations will extend to all banks operating in Norway regardless of domicile and Komplett Bank expects this to level the playing field and to improve the competitive environment in Norway.

In 2018, Komplett Bank was among several banks to undergo an on-site inspection by the Norwegian FSA. In its report published on 10 May 2019, the FSA identified areas of improvement and shortcomings, which included the banks anti-money laundering (AML) procedures. No money laundering activities or attempted money laundering activities were identified.

On 1 July 2019, the FSA notified Komplett Bank of an AML administrative fee of NOK 18 million. Komplett Bank accepted the fee, which was recognized in Q2 2019.

Since receipt of the FSA's report, Komplett Bank has taken significant measures to ensure compliance with AML regulations, including a complete restructuring of the management team and a clarification of roles and responsibilities to ensure accountability. Organisational- and operational changes include, but are not limited to:

- Established a Board Risk & Audit committee, an Internal Audit function and a new, dedicated Compliance and Risk Control function
- Appointed COO as AML responsible

- Established a separate AML team, reporting directly to the COO and strengthened the AML team with additional staff
- Recruited a dedicated AML officer to the legal department
- Reviewed and updated the overall risk assessment for the Bank
- Reviewed all policies and procedures relating to AML, including onboarding and transaction monitoring processes, and ensured implementation in all departments
- Daily screening of all transactions involving high risk customers
- Established a new reporting structure to management and the Board of Directors
- Implemented a targeted AML training programme for all employees

In addition, Komplett Bank has implemented several other measures to address issues raised by the FSA. These include the launch of a new annuity loan product in Norway, implementation of an updated amortisation schedule for credit cards in Norway and updated planning and ICAAP processes to reflect that the Bank has entered into Forward Flow contracts. Furthermore, the Bank has implemented consent-based loan applications (SBL) and the newly launched Norwegian debt register.

Komplett Bank is strongly committed to ensuring compliance with rules and regulations and the Bank will have completed all required actions identified by the FSA by 1 October 2019, when the Bank is to report progress to the FSA.

Outlook

Going forward, the new government regulations, which came into effect on 15 May 2019, are expected to dampen market growth for consumer lending in Norway.

The new regulation contained new requirements related to the amortisation schedule of revolving credit facilities, which had a direct impact on Komplett Bank's "flexible loan" product and its competitive characteristics, particularly in the refinancing segment. This has had an adverse effect on sales in Norway throughout the first half of 2019.

As a result, Komplett Bank is in the process of developing a new product suite. In May 2019, the Bank launch a new annuity lending product and during the second half of 2019, Komplett Bank plans to launch an additional annuity lending product with refinancing functionalities.

The new product suite is expected to strengthen Komplett Bank's competitive position and contribute to stronger growth in Norway in the end of H2 2019. Following an initial launch in Norway, the products may be introduced to other markets.

Komplett Bank is well-positioned for sustainable growth, with a diversified geographical and product wise footprint, and not reliant upon a single market.

Komplett Bank follows a diversified multi-channel marketing and distribution strategy, has a strong financial position with a resilient balance sheet and a flexible and low-cost operational model. Combined with a well-known brand and strong distribution capabilities, this puts the Bank in a favourable position to meet the competition within the consumer finance industry as well as new regulation related to the industry.

The Bank started offering loans in Finland in Q1 2017 and Sweden in Q1 2018. The operations have developed satisfactorily and have strengthened the Bank's platform for growth and diversification. Komplett Bank expects loans in Finland and Sweden to continue to grow going forward. In Q3 2017, the Bank launched its first Point-of-sales finance products in Norway in cooperation with Komplett Group. The payment solution and finance products will gradually be available to Komplett Group's customers on check outs. The Bank expects continued volume growth for Point-of-sales finance during 2019. The Bank also expects the launches of loans, credit cards, Point-of-sales finance products in Sweden and loans and credit cards in Finland to contribute to the Bank's growth going forward.

Komplett Bank's strategy for product-wise and geographical expansion is a cornerstone to ensure long-term sustainable growth and value creation. Going forward, Komplett Bank will continue to focus on creating customer value through flexible solutions and efficient and customer friendly processes.

Komplett Bank's main strategic priorities are:

- Continued stable and balanced growth across all markets
 - Launch new product suite to maintain strong competitive position for loans in Norway
 - Scale up Point-of-sales finance business in Norway and Sweden
 - Deepen penetration in recently launched markets, Finland and Sweden
- Capitalise on lean and agile operational platform
- Ensure strict focus on risk control
- Optimise capital structure and maintain robust balance sheet

Financial Targets

The Bank has established the following financial targets:

1. Capital Adequacy

CET1 capital ratio target of 19.2%

(Comprised of CET1 requirement of 18.2% + 1.0% management buffer)

2. Return on Equity

Above 20% return on equity

(Excluding non-recurring items Komplett Bank expects to meet the ROE target for 2019)

3. Dividend policy

Excess capital not deployed for growth purposes will be distributed to shareholders

Significant events after the balance sheet date

In 2018, the Norwegian FSA conducted an on-site inspection of Komplett Bank. In its report published on 10 May 2019, the FSA identified areas of improvement and shortcomings, which included the banks anti-money laundering (AML) procedures. No money laundering activities or attempted money laundering activities were identified.

On 1 July 2019, the FSA notified Komplett Bank of an AML administrative fee of NOK 18 million. Komplett Bank accepted the fee, which was recognised in Q2 2019.

On 13 August 2019 an extraordinary general meeting of Komplett Bank ASA was held. Board member Stig Eide Sivertsen was elected as the new Chairman of the Board of Directors. Live Haukvik was elected as an ordinary member of the Board of Directors and resigned from the position as Chairman of the Board of Directors. In addition, Harald Hjorthen was elected as new member of the Board of Directors to replace Casper Wakefield.

Other information

The accounting profit for Q2 2019 has in its entirety been booked against retained earnings. This interim report has been reviewed in accordance with ISRE 2410 (International Standard on Review Engagement). The review report is enclosed to this report.

Lysaker, Bærum, 13 August 2019

Board of Directors, Komplett Bank ASA

INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK million</i>	Note	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Interest income	2, 9	316.7	265.2	626.9	499.0	1,100.4
Interest expenses	9	-41.7	-34.3	-87.8	-60.6	-141.3
Net interest income	9	275.0	230.9	539.1	438.4	959.1
Income commissions and fees	2, 10	42.0	34.4	86.6	63.2	148.2
Expenses commissions and fees	10	-24.2	-20.2	-49.1	-35.2	-74.2
Net commissions and fees	10	17.8	14.2	37.5	28.0	74.1
Net gains / losses (-) on certificates and bonds, and currency		2.5	-0.2	1.5	-1.4	-1.8
Total income		295.2	244.8	578.0	465.0	1,031.4
Salary and other personnel expenses		-35.3	-29.6	-66.5	-54.5	-109.1
General administrative expenses	11	-44.8	-38.9	-94.3	-79.0	-170.4
<i>Direct marketing expenses</i>	11	-23.6	-25.2	-52.2	-52.4	-107.2
Total salary and admin. expenses		-80.1	-68.5	-160.9	-133.5	-279.5
Ordinary depreciation	8	-12.8	-6.8	-24.6	-12.4	-28.7
Other expenses	12	-35.2	-7.0	-50.9	-13.5	-31.0
Total operating expenses excl. losses on loans		-128.2	-82.2	-236.4	-159.4	-339.2
Losses on loans	2	-78.5	-46.4	-150.8	-93.0	-249.0
Pre-tax operating profit		88.6	116.2	190.9	212.6	443.1
Tax expenses		-27.2	-28.6	-53.1	-53.4	-112.0
Profit after tax		61.4	87.6	137.8	159.2	331.1
Earnings per share (NOK)		0.33	0.51	0.76	0.92	1.91
Diluted earnings per share (NOK)		0.32	0.46	0.73	0.84	1.75

Comprehensive income

<i>Amounts in NOK million</i>						
Profit after tax		61.4	87.6	137.8	159.2	331.1
Other comprehensive income		-	-	-	-	-
Comprehensive income for the period		61.4	87.6	137.8	159.2	331.1

STATEMENT OF FINANCIAL POSITION AS AT THE END OF THE PERIOD

<i>Amounts in NOK million</i>	Note	30.06.2019	31.12.2018	30.06.2018
Assets				
Loans and deposits with credit institutions	4, 5	1,313.5	1,232.4	811.8
Net loans to customers	2, 5	8,090.4	7,844.3	6,801.0
Certificates and bonds	5	1,150.8	436.4	396.8
Other intangible assets	8	118.7	96.0	72.0
Deferred tax assets		-	39.5	-
Fixed assets	8	17.4	1.7	1.7
Other receivables		7.0	10.4	46.8
Total assets		10,697.8	9,660.7	8,130.2
Equity and liabilities				
Deposits from and debt to customers	5	8,431.9	7,365.6	6,072.1
Senior unsecured bond	5	231.0	399.8	399.5
Other debt	7	148.8	100.0	89.0
Subordinated loans (Tier 2)	5.6	64.8	64.7	64.7
Deferred tax		13.6	-	53.0
Tax payable	7	23.7	110.8	10.0
Total liabilities		8,913.8	8,040.9	6,688.3
Share capital	3, 13	182.8	172.7	171.4
Share premium reserve	3	786.7	771.9	771.9
Other paid-in equity	3	45.7	42.2	36.6
Retained earnings	3	724.3	588.4	417.4
Additional Tier 1 capital	3	44.6	44.6	44.6
Total equity		1,784.0	1,619.8	1,441.9
Total equity and liabilities		10,697.8	9,660.7	8,130.2

Lysaker, Bærum, 13 August 2019

Board of Directors, Komplett Bank ASA

STATEMENT OF CASH FLOW FOR THE PERIOD

Amounts in NOK million	Note	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Cash flow from operating activities						
Pre-tax operating profit		88.6	116.2	190.9	212.6	443.1
Taxes paid		-43.5	-	-87.0	-37.6	-82.7
Ordinary depreciation	8	12.8	6.8	24.6	12.4	28.7
Change in impairments on loans to customers	2	47.8	38.1	76.3	84.4	179.0
Change in loans to customers	2, 5	-235.2	-924.5	-322.4	-1,571.7	-2,720.1
Effects of currency on loans to customers in the period		-2.7	-19.6	-83.2	-40.9	66.4
Change in deposits from and debt to customers	5	1,150.5	1,143.7	1,066.2	1,741.6	3,035.2
Change in certificates and bonds	5	-696.9	-15.0	-710.4	-15.2	-54.8
Change in accruals		12.3	-24.8	28.7	-25.5	34.3
Net cash flow from operating activities		333.7	320.9	183.7	360.1	929.1
Cash flows from investing activities						
Net Investments/sale of fixed assets	8	-0.2	-0.4	-0.4	-0.9	-1.1
Net Investments/sale of intangible assets	8	-21.4	-17.3	-45.4	-27.1	-67.5
Net cash flow used in investing activities		-21.5	-17.7	-45.8	-27.9	-68.6
Cash flows from financing activities						
Paid-in equity		0.2	0.1	24.9	0.1	1.3
Repayment of senior unsecured bond		-59.9	-	-160.9	-	-
Payment to Tier 1 capital investors		-0.9	-0.9	-1.9	-1.8	-3.7
Net cash flow from financing activities		-60.6	-0.8	-137.9	-1.7	-2.3
Net cash flow for the period		251.5	302.3	0.1	330.5	858.1
Cash and cash equivalents at the start of the period	4	1,059.8	490.2	1,232.4	442.3	442.3
Effects of currency on loans and deposits with credit institutions in the period		2.1	19.3	81.1	39.0	-68.0
Cash and cash equivalents at the end of the period	4	1,313.5	811.8	1,313.5	811.8	1,232.4

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital	Share premium reserve	Tier 1 capital	Other paid-in equity	Retained earnings	Total Equity
Equity as at 01.01.2018	171.4	771.9	44.6	35.5	260.1	1,283.4
<i>Changes deriving from profit or loss:</i>						
Profit after tax	-	-	-	-	159.2	159.2
<i>Changes deriving from transactions with owners:</i>						
Share capital increase	0.1	-	-	-	-	0.1
<i>Other changes recognized in equity</i>						
Changes in equity due to share options program	-	-	-	1.1	-	1.1
Paid interest on Tier 1 capital	-	-	-	-	-1.7	-1.7
Equity as at 30.06.2018	171.4	771.9	44.6	36.6	417.4	1,441.9
<i>Changes deriving from profit or loss:</i>						
Profit after tax	-	-	-	-	171.9	171.9
<i>Changes deriving from transactions with owners:</i>						
Share capital increase	1.3	-	-	-	-	1.3
<i>Other changes recognized in equity</i>						
Changes in equity due to share options program	-	-	-	5.6	-	5.6
Paid interest on Tier 1 capital	-	-	-	-	-0.9	-0.9
Equity as at 31.12.2018	172.7	771.9	44.6	42.2	588.4	1,619.8
<i>Changes deriving from profit or loss:</i>						
Profit after tax	-	-	-	-	137.8	137.8
<i>Changes deriving from transactions with owners:</i>						
Share capital increase	10.1	14.8	-	-	-	24.9
<i>Other changes recognized in equity</i>						
Changes in equity due to share options program	-	-	-	3.5	-	3.5
Paid interest on Tier 1 capital	-	-	-	-	-1.9	-1.9
Equity as at 30.06.2019	182.8	786.7	44.6	45.7	724.3	1,784.0

Notes

Note 1 - General accounting principles

This interim report is prepared in accordance with the same accounting principles as in the annual report for 2018 except for IFRS 16.

IFRS 16 *Leases* is a new standard that enters into force from 1 January 2019 and replaces IAS 17 *Leases*. The new standard removes the current distinction between operating and finance leases and is replaced by a model to be used for all leases with individual specific exceptions. Assets are depreciated over the lease term, while the commitment is measured at the present value of agreed, not paid lease. Leases will be treated as financial instruments included in the scope of impairments subject to IFRS 9. Leases are not regarded as significant for the Bank. The initial effect of implementing IFRS 16 was an increase in both assets and liabilities of NOK 17.2 million.

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

Note 2 – Loans to customers

Loans to customers

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Loans to customers	8,638.4	8,316.0	7,178.1
Gross lending	8,638.4	8,316.0	7,178.1
Impairment of loans to customers	548.0	471.6	377.1
Net loans to customers	8,090.4	7,844.3	6,801.0

Defaults and losses

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Gross defaulted loans to customers*	955.2	839.7	702.8
Individual impairment of loans to customers (stage 3)	317.6	268.8	225.3
Net defaulted loans	637.5	570.9	477.6
Group impairment of loans to customers (stage 1 and stage 2)	230.4	202.8	151.8

* Defaulted loans comprise of loans which are 91 days or more overdue according to agreed payment schedule. Such loans will still be considered defaulted regardless of future payment status.

Gross loans by geographical regions

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Akershus	639.5	706.9	693.0
Aust-Agder	111.6	122.2	120.7
Buskerud	333.4	349.2	342.4
Finnmark	113.2	117.0	116.4
Hedmark	217.5	232.6	225.0
Hordaland	526.0	555.5	541.4
Møre og Romsdal	257.5	273.5	261.2
Nordland	272.9	287.0	279.3
Oppland	179.2	196.0	193.4
Oslo	687.3	748.1	716.6
Rogaland	476.7	518.1	504.0
Sogn og Fjordane	73.4	81.9	77.8
Telemark	182.2	193.3	189.7
Troms	175.7	185.7	179.7
Trøndelag	382.4	408.4	397.2
Vest-Agder	162.1	175.0	164.8
Vestfold	317.2	339.0	326.9
Østfold	366.0	390.6	387.1
Norway	5,474.0	5,879.8	5,716.5
Finland	2,255.4	1,847.5	1,307.2
Sweden	909.0	588.6	154.4
Total	8,638.4	8,316.0	7,178.1

Risk classes

All loans to customers are classed in different risk classes. The risk classes are divided between A to D for all products except for POS Finance where the risk classes are classed from A to C. Risk class A is for loans customers with the historically lowest probability of default, while risk class D (C for POS Finance) has the highest probability of default. Established loans are defined as loans to customers that are at least 6 months old, while new loans are defined as less than 6 months old. The column in the table below which is named "horizon" shows the horizon in which expected losses are calculated for the loans to customers for the different risk classes. The column in the table below named "interval of PD" shows the probability of default in the horizon for the relevant risk class.

	30.06.2019	31.12.2018	30.06.2018	Horizon	Interval of PD
Established loans Norway risk class A	33 %	35 %	34 %	12 months	4.6 % - 6.6 %
New loans Norway risk class A	6 %	8 %	16 %	12 months	6.6 % - 8.6 %
Established loans Norway risk class B	4 %	6 %	5 %	Lifetime	49.8 % - 53.9 %
New loans Norway risk class B	1 %	1 %	2 %	Lifetime	60.7 %
Established loans Norway risk class C	1 %	1 %	1 %	Lifetime	72.6 % - 77.3 %
New loans Norway risk class C	0 %	0 %	0 %	Lifetime	86.7 %
Established loans Norway risk class D	5 %	5 %	6 %	Lifetime	100.0 %
New loans Norway risk class D	0 %	0 %	0 %	Lifetime	100.0 %
Established credit card loans Norway risk class A	6 %	6 %	7 %	12 months	0.0 % - 6.3 %
New credit card loans Norway risk class A	0 %	1 %	1 %	12 months	0.0 % - 6.8 %
Established credit card loans Norway risk class B	2 %	2 %	2 %	Lifetime	35.9 %
New credit card loans Norway risk class B	0 %	0 %	0 %	Lifetime	42.3 %
Established credit card loans Norway risk class C	0 %	0 %	0 %	Lifetime	73.6 %
New credit card loans Norway risk class C	0 %	0 %	0 %	Lifetime	83.3 %
Established credit card loans Norway risk class D	1 %	2 %	2 %	Lifetime	100.0 %
New credit card loans Norway risk class D	0 %	0 %	0 %	Lifetime	100.0 %
Loans Finland risk class A	21 %	18 %	15 %	12 months	7.5 % - 12.8 %
Loans Finland risk class B	2 %	2 %	1 %	Lifetime	52.9 % - 63.5 %
Loans Finland risk class C	0 %	0 %	0 %	Lifetime	86.6 % - 92.2 %
Loans Finland risk class D	4 %	2 %	1 %	Lifetime	100.0 %
POS Finance risk class A	3 %	3 %	2 %	12 months	5.7 % - 6.8 %
POS Finance risk class B	1 %	1 %	0 %	Lifetime	40.8 % - 42.3 %
POS Finance risk class C	1 %	0 %	0 %	Lifetime	100.0 %
Loans Sweden risk class A	8 %	5 %	2 %	12 months	7.5 %
Loans Sweden risk class B	1 %	1 %	0 %	Lifetime	52.9 %
Loans Sweden risk class C	0 %	0 %	0 %	Lifetime	86.6 %
Loans Sweden risk class D	1 %	0 %	0 %	Lifetime	100.0 %
New credit card loans Sweden risk class A	0 %	0 %	0 %	12 months	0.0 % - 6.8 %
New credit card loans Sweden risk class B	0 %	0 %	0 %	Lifetime	42.3 %
New credit card loans Sweden risk class C	0 %	0 %	0 %	Lifetime	83.3 %
New credit card loans Sweden risk class D	0 %	0 %	0 %	Lifetime	100.0 %
New credit card loans Finland risk class A	0 %	0 %	0 %	12 months	0.0 % - 6.8 %
New credit card loans Finland risk class B	0 %	0 %	0 %	Lifetime	42.3 %
New credit card loans Finland risk class C	0 %	0 %	0 %	Lifetime	83.3 %
New credit card loans Finland risk class D	0 %	0 %	0 %	Lifetime	100.0 %
Total	100 %	100 %	100 %		

Ageing of loans

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Loans not past due	6,069.6	5,891.3	5,262.1
Past due 1 - 30 days	1,095.4	1,065.5	839.2
Past due 31 - 60 days	347.8	352.3	293.7
Past due 61 - 90 days	187.3	196.8	126.7
Past due 91+ days	938.2	810.2	656.3
Total	8,638.4	8,316.0	7,178.1

Ageing of loans %

	30.06.2019	31.12.2018	30.06.2018
Loans not past due	70 %	71 %	73 %
Past due 1 - 30 days	13 %	13 %	12 %
Past due 31 - 60 days	4 %	4 %	4 %
Past due 61 - 90 days	2 %	2 %	2 %
Past due 91+ days	11 %	10 %	9 %
Total	100 %	100 %	100 %

Maximum exposure for loans to customers as at 30.06.2019*

Amounts in NOK million	Stage 1	Stage 2	Stage 3
Credit risk rating grade			
Established loans Norway risk class A	4,395.5	-	-
New loans Norway risk class A	786.5	-	-
Established loans Norway risk class B	-	404.3	-
New loans Norway risk class B	-	95.3	-
Established loans Norway risk class C	-	74.3	-
New loans Norway risk class C	-	15.6	-
Established loans Norway risk class D	-	-	403.0
New loans Norway risk class D	-	-	17.9
Established credit card loans Norway risk class A	1,309.6	-	-
New credit card loans Norway risk class A	82.9	-	-
Established credit card loans Norway risk class B	-	163.8	-
New credit card loans Norway risk class B	-	9.1	-
Established credit card loans Norway risk class C	-	16.5	-
New credit card loans Norway risk class C	-	1.3	-
Established credit card loans Norway risk class D	-	-	113.7
New credit card loans Norway risk class D	-	-	1.3
Loans Finland risk class A	2,077.8	-	-
Loans Finland risk class B	-	135.6	-
Loans Finland risk class C	-	37.7	-
Loans Finland risk class D	-	-	309.8
POS Finance risk class A	269.3	-	-
POS Finance risk class B	-	54.6	-
POS Finance risk class C	-	-	51.9
Loans Sweden risk class A	804.3	-	-
Loans Sweden risk class B	-	65.9	-
Loans Sweden risk class C	-	21.2	-
Loans Sweden risk class D	-	-	86.8
New credit card loans Sweden risk class A	55.8	-	-
New credit card loans Sweden risk class B	-	0.3	-
New credit card loans Sweden risk class C	-	-	-
New credit card loans Sweden risk class D	-	-	-
New credit card loans Finland risk class A	2.5	-	-
New credit card loans Finland risk class B	-	-	-
New credit card loans Finland risk class C	-	-	-
New credit card loans Finland risk class D	-	-	-
Total	9,784.2	1,095.5	984.4

* Exposures also include limits not utilised.

Maximum exposure for loans to customers as at 31.12.2018*

Amounts in NOK million	Stage 1	Stage 2	Stage 3
Credit risk rating grade			
Established loans Norway risk class A	4,373.7	-	-
New loans Norway risk class A	938.2	-	-
Established loans Norway risk class B	-	521.1	-
New loans Norway risk class B	-	117.2	-
Established loans Norway risk class C	-	81.2	-
New loans Norway risk class C	-	26.7	-
Established loans Norway risk class D	-	-	443.0
New loans Norway risk class D	-	-	26.1
Established credit card loans Norway risk class A	1,268.0	-	-
New credit card loans Norway risk class A	115.8	-	-
Established credit card loans Norway risk class B	-	194.4	-
New credit card loans Norway risk class B	-	9.8	-
Established credit card loans Norway risk class C	-	24.0	-
New credit card loans Norway risk class C	-	1.1	-
Established credit card loans Norway risk class D	-	-	147.5
New credit card loans Norway risk class D	-	-	1.0
Loans Finland risk class A	1,683.2	-	-
Loans Finland risk class B	-	130.2	-
Loans Finland risk class C	-	36.0	-
Loans Finland risk class D	-	-	196.9
POS Finance risk class A	265.3	-	-
POS Finance risk class B	-	50.7	-
POS Finance risk class C	-	-	22.4
Loans Sweden risk class A	460.8	-	-
Loans Sweden risk class B	-	152.4	-
Loans Sweden risk class C	-	12.3	-
Loans Sweden risk class D	-	-	32.4
New credit card loans Sweden risk class A	-	-	-
New credit card loans Sweden risk class B	-	-	-
New credit card loans Sweden risk class C	-	-	-
New credit card loans Sweden risk class D	-	-	-
New credit card loans Finland risk class A	-	-	-
New credit card loans Finland risk class B	-	-	-
New credit card loans Finland risk class C	-	-	-
New credit card loans Finland risk class D	-	-	-
Total	9,105.0	1,357.2	869.4

* Exposures also include limits not utilised.

Maximum exposure for loans to customers as at 30.06.2018*

Amounts in NOK million	Stage 1	Stage 2	Stage 3
Credit risk rating grade			
Established loans Norway risk class A	3,498.5	-	-
New loans Norway risk class A	1,462.8	-	-
Established loans Norway risk class B	-	424.0	-
New loans Norway risk class B	-	136.0	-
Established loans Norway risk class C	-	65.3	-
New loans Norway risk class C	-	12.5	-
Established loans Norway risk class D	-	-	437.9
New loans Norway risk class D	-	-	10.4
Established credit card loans Norway risk class A	995.8	-	-
New credit card loans Norway risk class A	137.3	-	-
Established credit card loans Norway risk class B	-	169.5	-
New credit card loans Norway risk class B	-	15.7	-
Established credit card loans Norway risk class C	-	20.7	-
New credit card loans Norway risk class C	-	2.0	-
Established credit card loans Norway risk class D	-	-	154.7
New credit card loans Norway risk class D	-	-	2.1
Loans Finland risk class A	1,198.1	-	-
Loans Finland risk class B	-	79.9	-
Loans Finland risk class C	-	19.3	-
Loans Finland risk class D	123.3	-	99.4
Pos Finance risk class A	120.1	-	-
Pos Finance risk class B	-	11.5	-
Pos Finance risk class C	-	-	1.5
Loans Sweden risk class A	206.3	-	-
Loans Sweden risk class B	-	35.8	-
Loans Sweden risk class C	-	-	-
Loans Sweden risk class D	-	-	-
New credit card loans Sweden risk class A	-	-	-
New credit card loans Sweden risk class B	-	-	-
New credit card loans Sweden risk class C	-	-	-
New credit card loans Sweden risk class D	-	-	-
New credit card loans Finland risk class A	-	-	-
New credit card loans Finland risk class B	-	-	-
New credit card loans Finland risk class C	-	-	-
New credit card loans Finland risk class D	-	-	-
Total	7,742.3	992.3	706.1

* Exposures also include limits not utilised.

Reconciliation of gross lending to customers

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01.01.2018	4,386.5	804.8	404.6	5,595.8
Transfers in Q1 2018:				
Transfer from stage 1 to stage 2	-328.9	328.9	-	-
Transfer from stage 1 to stage 3	-9.9	-	9.9	-
Transfer from stage 2 to stage 3	-	-187.8	187.8	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 1	157.8	-157.8	-	-
Transfer from stage 3 to stage 1	1.4	-	-1.4	-
New assets	1,026.5	105.9	3.7	1,136.2
Assets derecognized	-409.7	-44.7	-24.0	-478.4
Gross carrying amount as at 31.03.2018	4,823.7	849.3	580.6	6,253.6
Transfers in Q2 2018:				
Transfer from stage 1 to stage 2	-361.5	361.5	-	-
Transfer from stage 1 to stage 3	-28.0	-	28.0	-
Transfer from stage 2 to stage 3	-	-154.6	154.6	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 1	198.8	-198.8	-	-
Transfer from stage 3 to stage 1	0.7	-	-0.7	-
New assets	1,340.0	154.1	7.6	1,501.7
Assets derecognized	-429.7	-96.0	-51.5	-577.2
Gross carrying amount as at 30.06.2018	5,544.0	915.5	718.6	7,178.1
Transfers in Q3 2018:				
Transfer from stage 1 to stage 2	-410.4	410.4	-	-
Transfer from stage 1 to stage 3	-29.1	-	29.1	-
Transfer from stage 2 to stage 3	-	-102.3	102.3	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 1	205.5	-205.5	-	-
Transfer from stage 3 to stage 1	0.1	-	-0.1	-
New assets	1,256.7	145.1	2.1	1,403.9
Assets derecognized	-455.6	-138.1	-100.1	-693.8
Gross carrying amount as at 30.09.2018	6,111.1	1,025.2	751.9	7,888.2
Transfers in Q4 2018:				
Transfer from stage 1 to stage 2	-541.8	541.8	-	-
Transfer from stage 1 to stage 3	-52.1	-	52.1	-
Transfer from stage 2 to stage 3	-	-143.5	143.5	-
Transfer from stage 3 to stage 2	-	0.6	-0.6	-
Transfer from stage 2 to stage 1	210.5	-210.5	-	-
Transfer from stage 3 to stage 1	1.0	-	-1.0	-
New assets	1,122.6	129.7	32.9	1,285.1
Assets derecognized	-538.1	-185.2	-134.1	-857.4
Gross carrying amount as at 31.12.2018	6,313.2	1,158.2	844.6	8,316.0
Transfers in Q1 2019:				
Transfer from stage 1 to stage 2	-430.7	430.7	-	-
Transfer from stage 1 to stage 3	-48.0	-	48.0	-
Transfer from stage 2 to stage 3	-	-176.5	176.5	-
Transfer from stage 3 to stage 2	-	0.7	-0.7	-
Transfer from stage 2 to stage 1	251.4	-251.4	-	-
Transfer from stage 3 to stage 1	0.1	-	-0.1	-
New assets	886.5	57.9	14.8	959.2
Assets derecognized	-538.4	-119.4	-214.3	-872.1
Gross carrying amount as at 31.03.2019	6,434.1	1,100.1	868.9	8,403.2
Transfers in Q2 2019:				
Transfer from stage 1 to stage 2	-401.4	401.4	-	-
Transfer from stage 1 to stage 3	-50.8	-	50.8	-
Transfer from stage 2 to stage 3	-	-145.7	145.7	-
Transfer from stage 3 to stage 2	-	0.6	-0.6	-
Transfer from stage 2 to stage 1	218.6	-218.6	-	-
Transfer from stage 3 to stage 1	0.9	-	-0.9	-
New assets	925.7	75.7	16.1	1,017.5
Assets derecognized	-484.1	-173.3	-124.9	-782.3
Gross carrying amount as at 30.06.2019	6,643.0	1,040.2	955.2	8,638.4

Reconciliation of loss allowances

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Impairment as at 01.01.2018	78.3	90.5	123.9	292.7
Transfers in Q1 2018:				
Transfer from stage 1 to stage 2	-4.8	4.8	-	-
Transfer from stage 1 to stage 3	-0.1	-	0.1	-
Transfer from stage 2 to stage 3	-	-24.9	24.9	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 1	17.5	-17.5	-	-
Transfer from stage 3 to stage 1	0.4	-	-0.4	-
New financial assets originated or change in provisions	21.6	54.7	37.7	114.1
Assets derecognized or change in provisions	-26.5	-8.4	-5.9	-40.7
Other changes	-12.2	-14.8	-	-27.0
Impairment as at 31.03.2018	74.2	84.4	180.3	339.0
Transfers in Q2 2018:				
Transfer from stage 1 to stage 2	-4.6	4.6	-	-
Transfer from stage 1 to stage 3	-0.3	-	0.3	-
Transfer from stage 2 to stage 3	-	-20.0	20.0	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 1	18.4	-18.4	-	-
Transfer from stage 3 to stage 1	0.2	-	-0.2	-
New financial assets originated or change in provisions	18.0	51.3	32.3	101.6
Assets derecognized or change in provisions	-18.4	-7.7	-9.3	-35.5
Other changes	-9.5	-20.4	1.8	-28.1
Impairment as at 30.06.2018	78.0	73.8	225.3	377.1
Transfers in Q3 2018:				
Transfer from stage 1 to stage 2	-4.6	4.6	-	-
Transfer from stage 1 to stage 3	-0.4	-	0.4	-
Transfer from stage 2 to stage 3	-	-11.5	11.5	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 1	16.9	-16.9	-	-
Transfer from stage 3 to stage 1	0.0	-	-0.0	-
New financial assets originated or change in provisions	15.1	45.5	33.5	94.1
Assets derecognized or change in provisions	-16.9	-11.7	-26.6	-55.3
Other changes	12.5	4.3	-0.2	16.6
Impairment as at 30.09.2018	100.6	88.1	243.8	432.5
Transfers in Q4 2018:				
Transfer from stage 1 to stage 2	-7.1	7.1	-	-
Transfer from stage 1 to stage 3	-0.7	-	0.7	-
Transfer from stage 2 to stage 3	-	-16.0	16.0	-
Transfer from stage 3 to stage 2	-	0.2	-0.2	-
Transfer from stage 2 to stage 1	17.8	-17.8	-	-
Transfer from stage 3 to stage 1	0.3	-	-0.3	-
New financial assets originated or change in provisions	13.2	49.4	38.4	101.0
Assets derecognized or change in provisions	-19.0	-15.4	-31.4	-65.8
Other changes	-3.1	5.2	1.8	3.9
Impairment as at 31.12.2018	102.1	100.8	268.8	471.6

Reconciliation of loss allowances

Amounts in NOK million

	Stage 1	Stage 2	Stage 3	Total
Impairment as at 31.12.2018	102.1	100.8	268.8	471.6
Transfers in Q1 2019:				
Transfer from stage 1 to stage 2	-5.2	5.2	-	-
Transfer from stage 1 to stage 3	-0.6	-	0.6	-
Transfer from stage 2 to stage 3	-	-23.8	23.8	-
Transfer from stage 3 to stage 2	-	0.2	-0.2	-
Transfer from stage 2 to stage 1	18.3	-18.3	-	-
Transfer from stage 3 to stage 1	0.0	-	-0.0	-
New financial assets originated or change in provisions	16.1	52.0	41.0	109.1
Assets derecognized or change in provisions	-18.8	-14.0	-49.7	-82.4
Other changes	1.1	0.8	0.0	1.9
Impairment as at 31.03.2019	113.0	102.8	284.4	500.2
Transfers in Q2 2019:				
Transfer from stage 1 to stage 2	-5.3	5.3	-	-
Transfer from stage 1 to stage 3	-0.7	-	0.7	-
Transfer from stage 2 to stage 3	-	-23.4	23.4	-
Transfer from stage 3 to stage 2	-	0.2	-0.2	-
Transfer from stage 2 to stage 1	16.1	-16.1	-	-
Transfer from stage 3 to stage 1	0.6	-	-0.6	-
New financial assets originated or change in provisions	13.3	50.1	43.9	107.3
Assets derecognized or change in provisions	-17.1	-15.9	-32.6	-65.6
Other changes	-10.9	18.2	-1.2	6.1
Impairment as at 30.06.2019	109.1	121.3	317.6	548.0

Other changes in Q2 2019 comprise of, among other items, changed loss given default factors in stage 1 and 2 for loans Norway and credit card loans Norway, as well as new credit conversion factor (CCF) estimates on unused limit for all products. These two effects results in a net increase of 4 MNOK on impairment of loans. The new loss given default parameters increases the impairment with 29 MNOK, while new estimates on CCF decreases impairment of loans with 25 MNOK.

Information on products and geographical distribution

Amounts in NOK million

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Income per product in Q2 2019					
Interest income	159.0	69.9	28.1	42.1	12.1
Income commissions and fees	10.1	7.2	2.3	10.6	11.8
Total	169.1	77.1	30.4	52.7	23.9

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Income per product Q2 2018					
Interest income	166.4	42.3	2.9	47.1	1.9
Income commissions and fees	11.8	4.3	0.1	11.7	5.5
Total	178.2	46.6	3.0	58.8	7.4

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Income per product 1H 2019					
Interest income	325.1	131.8	52.0	85.0	21.8
Income commissions and fees	21.2	14.2	4.4	20.9	22.9
Total	346.3	146.0	56.4	105.9	44.6

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Income per product 1H 2018					
Interest income	315.7	79.4	2.9	93.3	2.1
Income commissions and fees	23.3	8.1	0.1	23.4	7.3
Total	339.0	87.6	3.0	116.7	9.5

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Income per product 2018					
Interest income	671.1	186.6	31.0	183.7	14.2
Income commissions and fees	50.8	19.3	1.5	45.2	26.9
Total	722.0	205.9	32.5	228.9	41.1

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Loans per product per 30.06.2019					
Net loans to customers	4,098.2	2,072.3	754.8	792.6	372.4
Total	4,098.2	2,072.3	754.8	792.6	372.4

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Loans per product per 31.12.2018					
Net loans to customers	4,459.5	1,720.7	476.0	846.7	341.4
Total	4,459.5	1,720.7	476.0	846.7	341.4

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Loans per product per 30.06.2018					
Net loans to customers	4,400.1	1,242.3	148.8	873.3	136.5
Total	4,400.1	1,242.3	148.8	873.3	136.5

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Impairment per product per 30.06.2019					
Impairment of loans to customers	225.6	182.6	60.6	53.3	25.9
Total	225.6	182.6	60.6	53.3	25.9

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Impairment per product per 31.12.2018					
Impairment of loans to customers	232.5	126.8	33.1	63.3	15.9
Total	232.5	126.8	33.1	63.3	15.9

	Consumer loans			Credit cards	POS Finance
	Norway	Finland	Sweden		
Impairment per product per 30.06.2018					
Impairment of loans to customers	234.1	64.9	5.5	69.1	3.4
Total	234.1	64.9	5.5	69.1	3.4

Note 3 – Regulatory capital

Total capital			
Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Share capital	182.8	172.7	171.4
Share premium	786.7	771.9	771.9
Other equity	770.0	630.6	454.0
Phase-in effects of IFRS 9	146.8	144.5	112.4
Deductions:			
Deferred tax assets and other intangible assets and deductions	-119.9	-135.9	-72.4
Common equity Tier 1 including phase-in impact of IFRS 9	1,766.5	1,583.8	1,437.3
Common equity Tier 1 excluding phase-in impact of IFRS 9	1,619.6	1,439.3	1,324.9
Additional Tier 1 capital	44.6	44.6	44.6
Core capital including phase-in impact of IFRS 9	1,811.0	1,628.3	1,481.9
Core capital excluding phase-in impact of IFRS 9	1,664.2	1,483.8	1,369.5
Subordinated loans (Tier 2)	64.8	64.7	64.7
Total capital including phase-in impact of IFRS 9	1,875.8	1,693.1	1,546.6
Total capital excluding phase-in impact of IFRS 9	1,729.0	1,548.5	1,434.1

Calculation basis			
Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Loans and deposits with credit institutions	262.7	246.5	162.4
Loans to customers and IFRS 9 phase-in effects	6,358.6	6,302.4	5,446.6
Certificates and bonds	38.6	30.2	28.2
Other assets	24.4	12.1	48.5
Calculation basis credit risk	6,684.3	6,591.1	5,685.7
Calculation basis operational risk	1,331.8	1,331.8	770.0
Total calculation basis including phase-in impact of IFRS 9	8,016.1	7,922.8	6,455.7
Total calculation basis excluding phase-in impact of IFRS 9	7,884.7	7,595.7	6,191.0

Capital ratios including phase-in impact of IFRS 9			
Common equity tier 1 (%)	22.0 %	20.0 %	22.3 %
Core capital (%)	22.6 %	20.6 %	23.0 %
Total capital (%)	23.4 %	21.4 %	24.0 %
Capital ratios excluding phase-in impact of IFRS 9			
Common equity tier 1 (%)	20.5 %	18.9 %	21.4 %
Core capital (%)	21.1 %	19.5 %	22.1 %
Total capital (%)	21.9 %	20.4 %	23.2 %

On 7 May 2019, Komplett Bank received new capital requirements from the Financial Supervisory Authority of Norway (FSA). The FSA set the Pillar 2 CET1 requirement to 6.5% of risk-weighted assets. As a result, the minimum requirement for common equity tier 1 capital (CET1) for Komplett Bank will be 18.2%, effective as of 30 June 2019.

LCR (Liquidity Coverage Ratio) is 506 % and NSFR (Net stable funding ratio) is 181 % as of 30.06.2019.

Note 4 - Loans and deposits with credit institutions

	30.06.2019	31.12.2018	30.06.2018
Loans and deposits with credit institutions	1,313.5	1,232.4	811.8
Total	1,313.5	1,232.4	811.8

Note 5 - Financial instruments

Financial instruments at fair value

Financial instruments at fair value is measured at different levels:

Level 1

Financial instruments in level 1 are determined based on quoted prices in active markets for identical financial instruments available on the balance sheet date.

Level 2

Financial instruments in level 2 are determined based on inputs other than quoted prices, but where prices are observable either directly or indirectly. These include quoted prices in markets that are not active.

Level 3

Valuation methods based on non-observable market data are used when valuation cannot be determined in level 1 or 2.

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Certificates and bonds - level 1	764.6	134.8	114.9
Certificates and bonds - level 2	386.2	301.6	282.0
Total financial instruments at fair value	1,150.8	436.4	396.8

Financial instruments at amortised cost

Financial instruments at amortised cost are valued at originally determined cash flows, adjusted for any impairment losses.

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Loans and deposits with credit institutions	1,313.5	1,232.4	811.8
Net loans to customers	8,090.4	7,844.3	6,801.0
Other receivables	7.0	10.4	46.8
Total financial assets at amortised cost	9,410.9	9,087.0	7,659.7
Deposits from and debt to customers	8,431.9	7,365.6	6,072.1
Senior unsecured bond*	231.0	399.8	399.5
Other debt	148.8	100.0	89.0
Subordinated loans	64.8	64.7	64.7
Total financial liabilities at amortised cost	8,876.5	7,930.1	6,625.3

*Settlement of senior unsecured bond was made on 5 July 2019.

Note 6 - Subordinated loans

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Subordinated loans - ISIN NO0010757768			
3 months NIBOR + 5.0 %	64.8	64.7	64.7
Total subordinated loans	64.8	64.7	64.7

Note 7 – Specification of other liabilities

Amounts in NOK million	30.06.2019	31.12.2018	30.06.2018
Payables to suppliers	26.3	11.3	27.4
Social security tax	4.2	5.9	3.5
Payable taxes	23.7	110.8	10.0
Other liabilities	118.2	82.8	58.1
Total other liabilities	172.4	210.8	99.0

Note 8 – Intangible assets and fixed assets

Type of non-current asset	Fixtures and fittings	Office machines	Intangible assets	Right-of-use assets	Other	Total
Accumulated historical cost at 01.01.2018	1.5	0.5	83.4	-	-	85.4
Additions in 2018	0.4	0.5	67.5	-	0.2	68.6
Disposals in 2018	-	-	-	-	-	-
Historical cost at 31.12.2018	1.9	1.0	151.0	-	0.2	153.8
Additions in Q1 2019	0.2	0.0	24.0	17.2	-	41.5
Disposals in Q1 2019	-	-	-	-	-	-
Historical cost at 31.03.2019	2.1	1.0	175.0	17.2	0.2	195.5
Additions in Q2 2019	0.0	0.1	21.4	-	-	21.5
Disposals in Q2 2019	-	-	-	-	-	-
Historical cost at 30.06.2019	2.2	1.1	196.3	17.2	0.2	217.0
Accumulated depreciations at 01.01.2018	0.7	0.3	26.7	-	-	27.6
Annual depreciations	0.3	0.1	28.3	-	-	28.7
Accumulated depreciations at 31.12.2018	1.0	0.4	55.0	-	-	56.4
Book value at 31.12.2018	0.9	0.6	96.0	-	0.2	97.7
Depreciations Q1 2019	0.1	0.0	10.8	0.9	-	11.8
Accumulated depreciations at 31.03.2019	1.1	0.4	65.8	0.9	-	68.2
Book value at 31.03.2019	1.1	0.6	109.1	16.4	0.2	127.4
Depreciations Q2 2019	0.0	0.1	11.8	0.9	-	12.8
Accumulated depreciations at 30.06.2019	1.1	0.6	77.6	1.7	-	81.0
Book value at 30.06.2019	1.1	0.5	118.7	15.5	0.2	136.1

Economic life	5 years	3 years	5 years	5 years	No depreciation
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Other intangible assets and fixed assets are depreciated on a straight-line basis over their lifetime. Intangible assets consist to a high degree of IT systems and rights acquired and developed in-house. Right-of-use assets relates to leasing agreements and are depreciated over their lifetime. No impairments have been recognised for other intangible assets or fixed assets either in the previous or current period.

Note 9 - Net interest income

Amounts in NOK million	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Interest income from loans to customers	311.2	260.6	615.6	493.4	1,086.6
Interest income from loans and deposits with credit institutions	5.4	3.5	9.9	3.6	9.2
Interest from certificates and bonds	0.1	1.1	1.3	2.0	4.6
Total interest income	316.7	265.2	626.9	499.0	1,100.4
Interest expense from deposits from and debt to customers	34.1	25.9	71.2	47.9	115.7
Interest expense from subordinated loan (Tier 2) and senior unsecured bond	3.3	3.8	7.5	7.3	14.9
Other interest expenses	4.4	4.6	9.0	5.4	10.7
Total interest expenses	41.7	34.3	87.8	60.6	141.3
Net interest income	275.0	230.9	539.1	438.4	959.1

Note 10 - Net commissions and fees

Amounts in NOK million	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Insurance services	15.2	13.6	30.4	27.5	58.3
Other fees and commissions and bank services income	26.8	20.8	56.2	35.7	89.9
Total income commissions and fees	42.0	34.4	86.6	63.2	148.2
Agent provisions	16.9	12.9	34.5	22.9	50.8
Other expenses commissions and fees	7.3	7.4	14.6	12.3	23.4
Total expenses commissions and fees	24.2	20.2	49.1	35.2	74.2
Net commissions and fees	17.8	14.2	37.5	28.0	74.1

Note 11 - General administrative expenses

Amounts in NOK million	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Direct marketing expenses	23.6	25.2	52.2	52.4	107.2
IT-expenses	10.3	5.8	21.4	10.5	29.2
Other general administrative expenses	10.9	7.9	20.7	16.1	33.9
Total general administrative expenses	44.8	38.9	94.3	79.0	170.4

Note 12 - Other expenses

Amounts in NOK million	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Rental expenses	-	0.8	-	1.4	3.0
External audit and related services	1.2	0.4	2.7	1.1	3.0
Other consultants	10.6	2.1	19.6	3.8	9.4
Insurance	0.3	0.3	0.5	0.5	1.0
Other	23.2	3.5	28.2	6.7	14.6
Total other operating expenses	35.2	7.0	50.9	13.5	31.0

The Financial Supervisory Authority of Norway (FSA) notified Komplett Bank ASA of an anti-money laundering administrative fee of NOK 18 million on 1 July 2019. The fee marks the conclusion of the FSA's separate follow up on AML as noted in the final report published by the FSA on 10 May 2019. No money laundering activities or attempted money laundering activities were found in the inspection. The administrative fee is in its entirety booked in Q2 2019 in the accounting line *Other expenses* and are placed in the group *Other* in the table above.

Note 13 - Related parties

Komplett Bank is not part of a group. However, the Bank's largest shareholder is Canica Invest AS with 20% of the shares in the Bank. Canica Invest AS owns the majority of the shares in Komplett AS. Komplett Bank is financially and operationally independent of Komplett AS and its affiliated companies (the "Komplett Group").

Komplett AS and the Bank have entered into a cooperation agreement in relation to IP rights, marketing cooperation and other services. The agreement aims to give the Bank the right to use "Komplett Bank" as its name, and the profile and graphic design of komplett.no. The agreement gives the Bank the right to use all the intellectual property rights of Komplett AS that are necessary to achieving this purpose.

As an extension to the cooperation agreement, Komplett AS and the Bank have entered into an agreement on product cooperation in relation to the credit card of the Bank and the credit card's ancillary customer loyalty bonus programme. The agreement aims to promote sales and the use of the credit card, as well as contributing to promote sales for Komplett AS. Pursuant to this agreement, the parties shall arrange for customer loyalty bonus in relation to the use of the Bank's credit card on, among other, purchases from Komplett AS. The product cooperation agreement for credit cards was prolonged Q2 2018 for another 5 years.

Furthermore, the Bank is engaged in a cooperation with the Komplett Group, in particular in connection with its credit card product as well as its payment solutions and distribution of Point-of-sales finance products, which enables the Bank to distribute its products towards customers on Komplett's web shop platforms.

Note 14 - Subsequent events

The board is not aware of events after the date of the balance sheet that may be of material significance to the accounts.

Note 15 - Leasing agreements

Komplett Bank is leasing premises for Vollsveien 2A and 2B at Lysaker. The agreement expires 31.12.2023, and the annual rent totals NOK 3.9 million excluding VAT. The Bank has no other significant leasing agreements. Accounting of leasing agreements is described in note 1.

Confirmation from the Board of Directors and CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2019 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the interim management report provides a true overview of important events during the accounting period and their effect on the financial statements for the first half year, of key risks and uncertainty factors that the company is facing during the next accounting period and of transactions with related parties.

Lysaker, Bærum, 13 August 2019 - The Board of Directors and CEO of Komplett Bank ASA

Stig Eide Sivertsen
Chairman

Bodil Palma Hollingsæter
Deputy chairman

Live Bertha Haukvik
Board member

Jan Ole Stangeland
Board member

Harald Hjorthen
Board member

Hilde Berge Aasen
Board member

Morten Fredrik Petterøe
Board member

Jan Olov Haglund
CEO



Til Styret i Komplet Bank ASA

Uttalelse vedrørende forenklet revisorkontroll av delårsregnskap

Innledning

Vi har foretatt en forenklet revisorkontroll av vedlagte balanse for Komplet Bank ASA pr. 30. juni 2019 og tilhørende resultatregnskap, utvidet resultatregnskap, oppstilling over endringer i egenkapital og kontantstrømpstilling for seksmånedersperioden avsluttet denne dato, og av beskrivelsen av regnskapsprinsipper og andre noter. Ledelsen er ansvarlig for utarbeidelsen av delårsregnskapet og at det gir et rettviseende bilde i samsvar med prinsipper som beskrevet i note 1. Vår oppgave er å avgi en uttalelse om delårsregnskapet basert på vår forenklete revisorkontroll.

Omfanget av den forenklete revisorkontrollen

Vi har utført vår forenklete revisorkontroll i samsvar med ISRE 2410 *Forenklet revisorkontroll av et delårsregnskap, utført av foretakets valgte revisor*. En forenklet revisorkontroll av delårsregnskapet består i å rette forespørsler, primært til personer med ansvar for økonomi og regnskap, og å gjennomføre analytiske og andre kontrollhandlinger. En forenklet revisorkontroll har et betydelig mindre omfang enn en revisjon utført i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene), og gjør oss følgelig ikke i stand til å oppnå sikkerhet om at vi er blitt oppmerksomme på alle vesentlige forhold som kunne ha blitt avdekket i en revisjon. Vi avgir derfor ikke revisjonsberetning.

Konklusjon

Vi har ved vår forenklete revisorkontroll ikke blitt oppmerksomme på noe som gir oss grunn til å tro at det vedlagte delårsregnskapet ikke gir et rettviseende bilde av foretakets finansielle stilling per. 30. juni 2019 og for resultatet og kontantstrømmene i seksmånedersperioden, i samsvar med prinsipper som beskrevet i note 1.

Oslo, 13. august 2019

PricewaterhouseCoopers AS

Bjørn Rydland
Statsautorisert revisor