Interim report

Fourth quarter 2018

Highlights

- Growth
  - Net loans grew by NOK 389 million (+5%) from Q3 2018 and by NOK 2,383 million (+44%) year-over-year
  - Stable growth for loans in Sweden and Finland and Point-of-sales finance, somewhat affected by seasonally lower sales and high amortisation in December
  - Loans Norway declined by NOK 127 million in the quarter, influenced by seasonal effects, targeted credit measures and forward flow NPL sales
  - Total net loans at 31 December 2018 were NOK 7.84 billion, below the guidance of NOK 8.0-8.3 billion

- Profitability
  - Net interest income for Q4 2018 was NOK 271.1 million, up 8.6% from NOK 249.6 million last quarter
  - Cost-to-Income Ratio stable at 31.8%
  - Losses on loans decreased to NOK 73.0 million in Q4 2018, compared to NOK 83.0 million in Q3 2018
  - Strong ROE of 24% in Q4 2018, up from 20% in Q3 2018. ROE for the full year 2018 was 23%

- New markets and product launches
  - EUR denominated deposits were launched in Germany during the quarter
  - Preparations for credit card launches in Sweden and Finland concluded in Q4. Launch in Sweden completed in early Q1 2019 and launch in Finland is expected by end-Q1 2019
  - Expected launch of SEK denominated deposits in 2019

Key figures

NOK million, unless otherwise specified	IFRS Q4 18	IFRS Q3 18	IFRS Q4 17	IFRS 2018	IFRS 2017
Net interest income	**271**	**250**	**197**	**959**	**670**
Growth, Y/Y	38 %	43 %	60 %	43 %	80 %
Pre-tax operating profit	**129**	**101**	**98**	**443**	**369**
Profit after tax	**96**	**75**	**73**	**330**	**274**
Profit growth, Y/Y	32 %	-19 %	66 %	21 %	112 %
Cost / Income (ex marketing)	24 %	20 %	19 %	23 %	20 %
Net loans to customers, end date	**7,844**	**7,456**	**5,596**	**7,844**	**5,461**
Loan growth, Y/Y	44 %	51 %	68 %	44 %	64 %
ROE, annualised *)	**24 %**	**20 %**	**25 %**	**23 %**	**29 %**
EPS, annualised **)	**2.22**	**1.75**	**1.70**	**1.91**	**1.60**

**) ROE = Profit After Tax / Quarterly average equity*
***) EPS = Profit After Tax/ 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 Banks main products are "*Fleksibelt Lån*", a loan product with credit line functionality that gives the customer more flexibility in use of the credit line and "*Komplett Bank MasterCard*", a credit card with product features tailored for online shopping. The Bank has introduced Point-of-sales (POS) finance products, while also offering deposit products with attractive interest rates. As a member of the Norwegian Banks' Guarantee Fund, customers deposits are guaranteed (up to NOK 2 million / EUR 100,000).

Canica Invest AS, the owner of the leading web retailer in the Nordic countries (Komplett AS), is the largest shareholder with a 20% ownership. 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 operational model with strong risk control. The Bank operates on a cross-border basis from Lysaker, outside of Oslo. The Norwegian banking license provides passporting of the Bank's offering throughout the entire European Economic Area (EEA).

In the near to medium term, lending operations remains focused on the Nordic region. The Bank launched loans in Norway in Q1 2014, in Finland in Q1 2017 and Sweden in Q1 2018. The Bank started credit card operations in Norway in 2015 and Point-of-sales finance products in Norway and Sweden in Q3 2017 and Q2 2018 respectively. Going forward, the Bank is focused on continuing its platform expansion in the attractive Nordic markets, starting with the launch of credit cards in Sweden and Finland in Q1 2019. The Bank also plans to introduce deposits in Sweden in 2019.

Financial figures for Q4 2018

All figures are prepared and presented in accordance with IFRS, and historical financial data have been converted to IFRS for comparison purposes.

Komplett Bank has experienced continued growth in net loans and net interest income during Q4, driven primarily by strong demand for consumer loans in Finland and Sweden as well as growth in Point-of-sales finance. Net loan growth in Finland and Sweden were NOK 259 million and NOK 160 million, respectively. Loans in Norway declined by NOK 127 million in the quarter. These segments were affected by seasonally lower sales and high amortisation in December, targeted credit measures implemented following increased losses on loans in Q3 2018 as well as forward flow sales of non-performing-loans of NOK 181 million in the quarter. Net loan growth for Point-of-sales finance was NOK 105 million, corresponding to 27% of total net growth in the quarter. Credit cards declined by NOK 9 million in the quarter, after forward flow sales of NOK 45 million.

Towards the end of the quarter, Komplett Bank launched EUR-denominated deposits through Raisin in Germany. The new deposit accounts offer high-yield savings to customers in Germany for amounts between EUR 5,000 and EUR 100,000 and is expected to contribute to diversified funding and lower funding costs going forward.

Net interest income amounted to NOK 271.1 million, up 8.6% compared to NOK 249.6 million in the previous quarter, while net commissions and fees amounted to NOK 24.7 million (Q3 2018: NOK 21.4 million). Operating costs excluding marketing expense amounted to NOK 70.4 million, up from NOK 55.2 million in Q3 2018. The increase was driven primarily by non-recurring costs related to consulting support, volume thresholds in supplier contracts and other costs related to new product launches. The corresponding cost-income ratio ex marketing increased to 23.8% in Q4 2018 from 20.4% in the previous quarter. The increase was influenced by positive one-offs related to personnel costs in Q3 2018. Direct marketing expenses amounted to NOK 23.7 in Q4 2018, down from NOK 31.1 million in Q3 due to a seasonal reduction in marketing activity in the fourth quarter.

Losses on loans amounted to NOK 73.0 million in the quarter (NOK 83.0 million in Q3 2018). The decrease was driven mainly by targeted credit measures implemented in Norway following increased losses on loans in Q3 2018. Measures included closing down or reducing poorly performing segments as well as adjusting the credit limit strategy, and these have contributed to improved roll-rates in the quarter. In addition, decreased loan growth for loans Norway and credit cards in the quarter resulted in lower stage 1 and 2 loan provisions, which contributed to NOK 7.6 million of the decrease.

The resulting profit after tax was NOK 96.0 million in Q4 2018, an increase of 28% compared to NOK 75.1 million in Q3 2018.

Total assets at December 31 2018 amounted to NOK 9,617 million (NOK 9,080 million). Net loans to customers ended at NOK 7,844 million (NOK 7,456 million). Deposits from customers amounted to NOK 7,366 million (NOK 6,909 million).

Total equity was NOK 1,618 million (NOK 1,518 million). Komplett Bank is well capitalised and when including Q4 2018 profits, the Bank's total capital ratio as of 31 December 2018 was 23.5% (23.2%). The CET1 ratio was 22.0% (21.6%). Bank deposits and liquid securities amounted to NOK 1,669 million (NOK 1,532 million) corresponding to 17.4% (16.9%) of total assets.

Gross defaulted loans at the end of Q3 amounted to NOK 839.7 million (NOK 751.9 million). Loan impairments amounted to NOK 471.6 million (NOK 432.5 million), results in Loss ratio of 3.7% in Q4 2018.

Summary for the full year 2018

Net loan growth for the full year 2018 was NOK 2,383 million, compared to NOK 2,139 million in 2017. This comprised NOK 814 million for loans Norway, NOK 747 million for loans Finland, NOK 476 million for loans Sweden, NOK 10 million for credit cards and NOK 337 million for Point-of-sales finance.

Net interest income amounted to NOK 959.1 million (NOK 669.8 million), while net commissions and fees amounted to NOK 74.1 million (NOK 37.0 million).

Total operating expenses for the full year were NOK 339.8 million, compared to NOK 221.7 million in 2017, corresponding to a cost-income ratio of 32.9%. Losses on loans amounted to NOK 249.0 million (NOK 118.7 million).

The profit after tax for the full year 2018 was NOK 330.2 million, an increase of 21% compared to 2017.

Outlook

On February 12, 2019, the Norwegian government announced new temporary regulations regarding lending practices for on unsecured credit. The new regulations are based on guidelines issued by the Norwegian Financial Supervisory Authority (NFSA) in 2017 and banks have until 15 May 2019 to comply. They will be in place until 31 December 2020.

Unlike the previously issued guidelines, the new government regulations will extend to all banks operating in Norway regardless of domicile. Komplett Bank expects this increased equality of treatment to improve the competitive environment in Norway.

Going forward, Komplett Bank expects the new government regulations to dampen total market growth for consumer lending in Norway. While adapting to new regulation, the bank will continue to focus on creating customer value through flexible solutions and efficient and customer friendly processes.

In November 2018, the NFSA conducted an on-site inspection of Komplett Bank's operations and lending activity. A preliminary report summarizing the NFSA's observations was received by Komplett Bank in December 2018. The Bank is currently in dialogue with the NFSA and a final SREP report, including a pillar 2 capital buffer requirement, is expected in late Q1 2019 - early Q2 2019.

Komplett Bank believes it is well-positioned with its diversified geographical and product wise footprint, and thus less reliant upon one 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 recent launch of loans in Sweden to contribute to the Bank's growth going forward.

To realise continued profitability and long-term sustainable growth, the strategy to diversify and expand geographical and product wise footprint is a cornerstone. The main strategic areas going forward are:

- Capitalise on and strengthen strategic and operational platform
- Ensure continued sustainable growth for credit cards in newly launched markets as well as loans in Finland, Norway and Sweden
- Scale-up Point-of-sales finance business in Norway and Sweden
- Launch SEK denominated deposit accounts to diversify funding and decrease funding costs
- Maintain robust balance sheet

In the near to medium term, growth will be given priority over dividends. Komplett Bank will not provide guiding for 2019.

Other information

The accounting profit for Q4 has in its entirety been booked against retained earnings.

Lysaker, Bærum, 12 February 2019

Board of Directors, Komplett Bank ASA

Condensed consolidated interim statement of comprehensive income

Amounts in NOK million	Note	Q4 2018	Q4 2017	2018	2017
Interest income	2, 9	311.5	220.6	1,100.4	756.2
Interest expenses	9	-40.4	-24.1	-141.3	-86.5
Net interest income	**9**	**271.1**	**196.6**	**959.1**	**669.8**
Income commissions and fees	2, 10	43.4	25.7	148.2	89.1
Expenses commissions and fees	10	-18.7	-16.0	-74.2	-52.0
Net commissions and fees	**10**	**24.7**	**9.7**	**74.1**	**37.0**
Net gains / losses (-) on certificates and bonds, and currency		0.4	1.3	-1.8	2.5
Total income		**296.2**	**207.5**	**1,031.4**	**709.3**
Salary and other personnel expenses		-30.4	-19.5	-109.6	-69.0
General administrative expenses	11	-44.3	-27.9	-170.4	-115.3
Direct marketing expenses	11	-23.7	-18.4	-107.2	-79.9
Total salary and admin. expenses		**-74.7**	**-47.4**	**-280.0**	**-184.3**
Ordinary depreciation	8	-8.5	-5.0	-28.7	-14.3
Other expenses	12, 15	-10.9	-6.0	-31.0	-23.0
Total operating expenses excl. lossses on loans		**-94.1**	**-58.4**	**-339.8**	**-221.7**
Losses on loans	2	-73.0	-50.6	-249.0	-118.7
Pre-tax operating profit		**129.1**	**98.5**	**442.6**	**368.8**
Tax expenses		-33.1	-25.6	-112.3	-95.0
Profit after tax		**96.0**	**72.9**	**330.2**	**273.8**
Earnings per share (NOK)		0.56	0.43	1.91	1.60
Diluted earnings per share (NOK)		0.51	0.39	1.77	1.46

Comprehensive income

Amounts in NOK million				
Comprehensive income for the period	**96.0**	**72.9**	**330.2**	**273.8**

Condensed statement of financial position

Amounts in NOK million	Note	31.12.2018	31.12.2017
Assets			
Loans and deposits with credit institutions	4, 5	1,232.4	442.3
Net loans to customers	2, 5	7,844.3	5,461.0
Certificates and bonds	5	436.4	381.6
Other intangible assets	8	96.0	56.8
Deferred tax assets	8	-	0.4
Fixed assets		1.7	1.0
Other receivables	7	6.7	16.9
Total assets		**9,617.5**	**6,359.9**
Equity and liabilities			
Deposits from and debt to customers	5	7,365.6	4,330.5
Senior unsecured bond	5	399.8	399.3
Other debt	7	96.9	76.9
Subordinated loans	5.6	64.7	64.6
Deferred tax		-	-
Tax payable	7	72.5	87.0
Total liabilities		**7,999.5**	**4,958.2**
Share capital	3, 13	172.7	171.4
Share premium reserve	3	771.9	771.9
Other paid-in equity	3	42.2	35.5
Retained earnings	3	586.7	378.4
Additional Tier 1 capital	3	44.6	44.6
Total equity		**1,618.0**	**1,401.7**
Total equity and liabilities		**9,617.5**	**6,359.9**

Lysaker, Bærum, 12 February 2019

Board of Directors, Komplett Bank ASA

Condensed statement of the cashflow position

Amounts in NOK million	Note	Q4 2018	Q4 2017	2018	2017
Cash flow from operating activities					
Pre-tax operating profit		129.1	98.5	442.6	368.8
Taxes		-45.1	-39.0	-82.7	-39.0
Ordinary depreciation		8.5	5.0	28.7	14.3
Change in impairments	2	39.1	45.2	179.0	14.3
Change in loans	2, 5	-427.8	-559.9	-2,720.1	-2,153.3
Change in deposits from customers	5	457.0	39.9	3,035.2	1,017.5
Change in securities	5	-	-10.0	-54.8	-71.6
Change in accruals		-17.2	32.6	33.2	39.5
Net cash flow from operating activities		**143.6**	**-387.8**	**861.0**	**-809.4**
Cash flows from investing activities					
Net Investments/sale of fixed assets	8	-	-0.3	-1.1	-0.6
Net Investments/sale of intangible assets	8	-7.0	-13.4	-67.5	-44.4
Net cash flow used in investing activities		**-7.0**	**-13.7**	**-68.6**	**-45.0**
Cash flows from financing activities					
Paid-in equity		1.2	402.3	1.3	402.3
Uptake of senior unsecured bond		-	-	-	399.3
Payment to Additional Tier 1 capital investors		-0.9	-0.9	-3.7	-3.7
Net cash flow from financing activities		**0.3**	**401.4**	**-2.3**	**797.9**
Net cash flow for the period		137.0	-0.1	790.1	-56.5
Cash and cash equivalents at the start of the period	4	1,095.4	442.4	442.3	498.8
Cash and cash equivalents at the end of the period	4	**1,232.4**	**442.3**	**1,232.4**	**442.3**

Condensed statement of changes in equity

Amounts in NOK million	Share capital	Share premium reserve	Additional Tier 1 capital	Other paid in capital	Retained earnings	Total Equity
Equity as at 31.12.2017	**171.4**	**771.9**	**44.6**	**35.5**	**378.4**	**1,401.7**
Changes in equity due to share options program	-	-	-	3.0	-	**3.0**
Implementation of IFRS 9	-	-	-	-	-157.8	**-157.8**
Tax effect of implementing IFRS 9	-	-	-	-	39.4	**39.4**
Profit after tax	-	-	-	-	71.5	**71.5**
Paid interest on Additional Tier 1 capital	-	-	-	-	-0.7	**-0.7**
Equity as at 31.03.2018	**171.4**	**771.9**	**44.6**	**38.5**	**330.7**	**1,357.0**
Changes in equity due to share options program	-	-	-	-1.9	-	**-1.9**
Share capital increase	0.1	-	-	-	-	**0.1**
Profit after tax	-	-	-	-	87.6	**87.6**
Paid interest on Additional Tier 1 capital	-	-	-	-	-0.9	**-0.9**
Equity as at 30.06.2018	**171.4**	**771.9**	**44.6**	**36.6**	**417.4**	**1,441.9**
Changes in equity due to share options program	-	-	-	2.3	-	**2.3**
Share capital increase	0.0	-	-	-	-	**0.0**
Profit after tax	-	-	-	-	75.1	**75.1**
Paid interest on Additional Tier 1 capital	-	-	-	-	-0.9	**-0.9**
Equity as at 30.09.2018	**171.5**	**771.9**	**44.6**	**38.9**	**491.6**	**1,518.4**
Changes in equity due to share options program	-	-	-	3.3	-	**3.3**
Share capital increase	1.2	-	-	-	-	**1.2**
Profit after tax	-	-	-	-	96.0	**96.0**
Paid interest on Additional Tier 1 capital	-	-	-	-	-0.9	**-0.9**
Equity as at 31.12.2018	**172.7**	**771.9**	**44.6**	**42.2**	**586.7**	**1,618.0**

Notes

Note 1 - General accounting principles

This interim report is prepared in accordance with the same accounting principles as in the annual report for 2017 except for financial instruments, which are subject to the accounting standard IFRS 9 that took effect as of 1 January 2018.

IFRS 9 introduces new approaches to the classification, measurement and impairment of financial instruments. The only significant change of accounting principle that the IFRS 9 has on this interim report compared to the accounting principles as in the annual report for 2017 is in relation to impairments.

IFRS 9 involves a transition from IAS 39's "incurred loss model" to an expected loss model, where impairments are recognised based on the company's best estimate on the balance sheet date, using available information about the past, present and estimates for the future. The model used by the Bank to calculate impairment losses will also cover probability of default, exposure at default and loss given default as well as triggers for the transition across the three different stages introduced in IFRS 9 (1. Performing, 2. Significant increase in the credit risk compared with initial recognition, 3. Defaulted). In the case of financial assets subject to impairment tests in accordance with IFRS 9, impairments are measured and recognised for 12 months' expected loss for financial assets regarded as performing (stage 1). Performing loans are defined as loans where the credit risk has not increased significantly since initial recognition. Transition to stage 2 occurs when the Bank receives information indicating that the credit risk has increased significantly, or at the latest when loans are more than 30 days past due. Indicators of significant increase in credit risk relate to client behavioural aspects such as past due status, credit limit utilisation, etc.

The Bank's assessment of the timing when a significant increase in the credit risk occurs is based on historical, present and future expectations of the cash flow properties for the financial instruments that are subject to impairment under IFRS 9. In the transition to stage 3, the Bank uses its internal definition of a defaulted account, which occurs when the claim is more than 90 days past due.

The Bank has divided the client exposures into the following main categories:

Consumer loans

- Norway
- Finland
- Sweden

Credit cards

- Norway

Point-of-sales finance (POS)

- Norway
- Sweden

These categories are usually categorised into sub-categories in relation to exposure and the age of the client relationship (months on book).

All clients in Finland and Sweden are considered new. The client exposures are further categorized based on the balance amount.

The probability of default is the statistical unit probability of a client becoming default and is related to a certain time period. For stage 1 clients, this probability is restricted to 12 months after the reporting date. For cases where the expected lifetime in stage 1 is less than 12 months, the Bank applies the expected lifetime.

For stage 2, the Bank must consider lifetime probability of default. In order to assess the expected lifetime of the various segments, the Bank has estimated this expected lifetime based on historical information and experience following the IFRS 9 guidance.

As the Bank is providing loan facilities that may be drawn upon, the exposure at default reflects the facility available at the reporting date. The model further applies a factor of observed credit limits for defaulting clients in relation to the entire client base to reflect the fact that credit limits are dependent upon the risk.

Loss given default is calculated as the net present value of the shortfall of contractual repayments, using the effective interest method. The Bank therefore computes different discount factors, based on the effective interest rates in the various categories.

The Bank also needs to assess macroeconomic components in the expected credit losses. The Bank uses forecasts and expert views and apply a judgmental view in this matter. Currently, the economic outlook is reflected in the macro component of the model with a marginally positive effect.

The Bank has decided not to use the simplification rules for impairment losses permitted in IFRS 9. The Bank has decided to adopt the transitional rules published by the EU that allow a gradual phasing-in of the effects of IFRS 9 on the Bank's capital adequacy.

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 amortised cost. Leases will be treated as financial instruments included in the scope of IFRS 9. Leases are not regarded as significant for the Bank.

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

Note 2 – Loans to customers

Loans to customers

Amounts in NOK million	31.12.2018	31.12.2017
Loans to customers	8,316.0	5,595.8
Gross lending	**8,316.0**	**5,595.8**
Impairment of loans	471.6	134.9
Net loans to customers	**7,844.3**	**5,461.0**

Defaults and losses

Amounts in NOK million	31.12.2018	31.12.2017
Gross defaulted loans *	839.7	399.7
Individual impairment of loans	268.8	123.9
Net defaulted loans	**570.9**	**275.8**
Group impairment of loans (stage 1 and stage 2)	202.8	11.0

* 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	31.12.2018	31.12.2017
Akershus	706.9	563.1
Aust-Agder	122.2	88.7
Buskerud	349.2	269.8
Finnmark	117.0	81.1
Hedmark	232.6	177.0
Hordaland	555.5	438.3
Møre og Romsdal	273.5	217.3
Nordland	287.0	235.1
Oppland	196.0	160.3
Oslo	748.1	586.7
Østfold	390.6	320.4
Rogaland	518.1	401.8
Sogn og Fjordane	81.9	66.2
Telemark	193.3	147.6
Troms	185.7	144.9
Vest-Agder	175.0	134.7
Vestfold	339.0	261.5
*Nord-Trøndelag	-	92.4
*Sør-Trøndelag	-	222.1
*Trøndelag	408.4	-
Norway	**5,879.8**	**4,609.1**
Finland	1,847.5	986.8
Sweden	588.6	-
Total	**8,316.0**	**5,595.8**

* Sør-Trøndelag and Nord-Trøndelag were merged to Trøndelag with effect from 1 January 2018.

Risk classes

All loans to customers are grouped in different risk classes from A to D, based on probability of default, where risk classes A have lowest probability of default and D the highest probability of default.

	31.12.2018	31.12.2017
Established loans Norway risk class A	35 %	39 %
New loans Norway risk class A	8 %	14 %
Established loans Norway risk class B	6 %	7 %
New loans Norway risk class B	1 %	1 %
Established loans Norway risk class C	1 %	1 %
New loans Norway risk class C	0 %	0 %
Established loans Norway risk class D	5 %	5 %
New loans Norway risk class D	0 %	0 %
Established credit card loans risk class A	6 %	8 %
New credit card loans risk class A	1 %	2 %
Established credit card loans risk class B	2 %	3 %
New credit card loans risk class B	0 %	1 %
Established credit card loans risk class C	0 %	0 %
New credit card loans risk class C	0 %	0 %
Established credit card loans risk class D	2 %	2 %
New credit card loans risk class D	0 %	0 %
Loan Finland risk class A	18 %	16 %
Loan Finland risk class B	2 %	1 %
Loan Finland risk class C	0 %	0 %
Loan Finland risk class D	2 %	1 %
Pos Finance risk class A	3 %	0 %
Pos Finance risk class B	1 %	0 %
Pos Finance risk class C	0 %	0 %
Loans Sweden risk class A	5 %	0 %
Loans Sweden risk class B	1 %	0 %
Loans Sweden risk class C	0 %	0 %
Loans Sweden risk class D	0 %	0 %
Total	**100 %**	**100 %**

Ageing of loans

Amounts in NOK million	31.12.2018	31.12.2017
Loans not past due	5,891.3	3,927.6
Past due 1 - 30 days	1,065.5	916.4
Past due 31 - 60 days	352.3	263.8
Past due 61 - 90 days	196.8	100.7
Past due 91+ days	810.2	387.4
Total	**8,316.0**	**5,595.8**

Ageing of loans %

	31.12.2018	31.12.2017
Loans not past due	71 %	70 %
Past due 1 - 30 days	13 %	16 %
Past due 31 - 60 days	4 %	5 %
Past due 61 - 90 days	2 %	2 %
Past due 91+ days	10 %	7 %
Total	**100 %**	**100 %**

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 risk class A	1,268.0	-	-
New credit card loans risk class A	115.8	-	-
Established credit card loans risk class B	-	194.4	-
New credit card loans risk class B	-	9.8	-
Established credit card loans risk class C	-	24.0	-
New credit card loans risk class C	-	1.1	-
Established credit card loans risk class D	-	-	147.5
New credit card loans risk class D	-	-	1.0
Loan Finland risk class A	1,683.2	-	-
Loan Finland risk class B	-	130.2	-
Loan Finland risk class C	-	36.0	-
Loan 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
Total	**9,105.0**	**1,357.2**	**869.4**

* Exposures also include limits not utilized.

Reconciliation of gross lending to customers

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 30.09.2018	6,111.1	1,025.2	751.9	**7,888.2**
Transfers:				
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**

Reconciliation of loss allowances

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 30.09.2018	100.6	88.1	243.8	**432.5**
Transfers:				
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**
Loss allowance as at 31.12.2018	**102.1**	**100.8**	**268.8**	**471.6**

Information on products and geographical distribution

Amounts in NOK million

	Consumer loans			Credit cards	POS Finance	
Income per product in Q4 2018	**Norway**	**Finland**	**Sweden**			**Total**
Interest income	177.8	58.2	17.4	45.2	7.8	**306.4**
Income commissions and fees	13.2	6.2	1.0	10.6	12.4	**43.4**
Total	**191.0**	**64.4**	**18.4**	**55.8**	**20.2**	**349.8**

	Consumer loans			Credit cards	POS Finance	
Income per product 2018	**Norway**	**Finland**	**Sweden**			**Total**
Interest income	671.1	186.6	31.0	183.7	14.2	**1,086.6**
Income commissions and fees	50.8	19.3	1.5	45.2	26.9	**143.7**
Total	**722.0**	**205.9**	**32.5**	**228.9**	**41.1**	**1,230.4**

	Consumer loans			Credit cards	POS Finance	
Loans per product per 31.12.2018	**Norway**	**Finland**	**Sweden**			**Total**
Net loans	4,459.5	1,720.7	476.0	846.7	341.4	**7,844.3**
Total	**4,459.5**	**1,720.7**	**476.0**	**846.7**	**341.4**	**7,844.3**

	Consumer loans			Credit cards	POS Finance	
Impairment per product per 31.12.2018	**Norway**	**Finland**	**Sweden**			**Total**
Impairment	232.5	126.8	33.1	63.3	15.9	**471.6**
Total	**232.5**	**126.8**	**33.1**	**63.3**	**15.9**	**471.6**

Note 3 – Regulatory capital

Amounts in NOK million	31.12.2018	31.12.2017
Share capital	172.7	171.4
Share premium	771.9	771.9
Other equity	532.9	413.9
Phase-in effects of IFRS 9	144.5	-
Deductions:		
Deferred tax asset and other intangible assets and deductions	-96.4	-57.2
Common equity Tier 1 including phase-in impact of IFRS 9	**1,525.5**	**1,299.9**
Common equity Tier 1 excluding phase-in impact of IFRS 9	**1,381.0**	**1,299.9**
Tier 1 capital	44.6	44.6
Core capital including phase-in impact of IFRS 9	**1,570.1**	**1,344.5**
Core capital excluding phase-in impact of IFRS 9	**1,425.6**	**1,344.5**
Supplemental capital	64.7	64.6
Total capital including phase-in impact of IFRS 9	**1,634.8**	**1,409.1**
Total capital excluding phase-in impact of IFRS 9	**1,490.3**	**1,409.1**

Calculation basis

Amounts in NOK million	31.12.2018	31.12.2017
Loans and deposits with credit institutions (20 %)	246.5	88.5
Loans to customers (75 %)	5,607.2	3,897.1
Certificates and bonds (10 % and 0 %)	30.2	28.2
IFRS 9 phase-in effect	327.1	-
Defaulted loans net of impairment (100%)	368.0	264.6
Other assets (100%)	8.4	17.9
Calculation basis credit risk	**6,587.4**	**4,296.4**
Calculation basis operational risk	770.0	768.3
Total calculation basis including phase-in impact of IFRS 9	**7,357.4**	**5,064.7**
Total calculation basis excluding phase-in impact of IFRS 9	**7,030.3**	**5,064.7**
Capital ratios including phase-in impact of IFRS 9 (excluding Q4 18 profit after tax)		
Common equity tier 1 (%)	20.7 %	25.7 %
Core capital (%)	21.3 %	26.5 %
Total capital (%)	22.2 %	27.8 %
Capital ratios excluding phase-in impact of IFRS 9 (excluding Q4 18 profit after tax)		
Common equity tier 1 (%)	19.6 %	25.7 %
Core capital (%)	20.3 %	26.5 %
Total capital (%)	21.2 %	27.8 %
Capital ratios including phase-in impact of IFRS 9 (including unaudited Q4 18 profit after tax)		
Common equity tier 1 (%)	22.0 %	25.7 %
Core capital (%)	22.6 %	26.5 %
Total capital (%)	23.5 %	27.8 %

LCR (Liquidity Coverage Ratio) is 219% and NSFR (Net stable funding ratio) is 170% as of 31.12.2018.

Note 4 - Loans and deposits with credit institutions

Amounts in NOK million	31.12.2018	31.12.2017
Loans and deposit with credit institutions	1,232.4	442.3
Total	**1,232.4**	**442.3**

Note 5 - Financial instruments

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	31.12.2018	31.12.2017
Certificates and bonds - level 1	134.8	99.9
Certificates and bonds - level 2	301.6	281.7
Total financial instruments at fair value	**436.4**	**381.6**

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	31.12.2018	31.12.2017
Loans and deposits with credit institutions	1,232.4	442.3
Net loans to customers	7,844.3	5,461.0
Total financial assets at amortized cost	**9,076.7**	**5,903.3**
Deposits from and debt to customers	7,365.6	4,330.5
Senior unsecured bond	399.8	399.3
Subordinated loans	64.7	64.6
Total financial liabilitiies at amortized cost	**7,830.1**	**4,794.4**

Note 6 - Subordinated loan

Amounts in NOK million	31.12.2018	31.12.2017
Subordinated loan - ISIN NO0010757768		
3 months NIBOR + 5.0 %	64.7	64.6
Total subordinated loans	**64.7**	**64.6**

Note 7 - Receivables and other liabilities

Amounts in NOK million	31.12.2018	31.12.2017
Other receivables	6.7	16.9
Total receivables	**6.7**	**16.9**
Payables to suppliers	11.3	28.0
Social security tax	5.9	3.0
Payable taxes	72.5	87.0
Other liabilities	79.7	45.9
Total other liabilities	**169.4**	**163.9**

Note 8 – Intangible assets and fixed assets

Type of non-current asset	Fixtures and fittings	Office machines	Intangible assets	Other	Total
Accumulated historical cost at 01.01.2018	1.5	0.5	83.4	-	85.4
Additions	0.4	0.5	67.5	0.2	68.6
Disposals	-	-	-	-	-
Historical cost at 31.12.2018	**1.9**	**1.0**	**151.0**	**0.2**	**153.8**
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**
Economic life	**5 years**	**3 years**	**5 years**	**No depreciation**	

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. 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	Q4 2018	Q4 2017	2018	2017
Interest income from loans to customers	306.4	219.7	1,086.6	752.1
Interest income from loans and deposits with credit institutions	3.8	0.1	9.2	0.6
Interest from certificates and bonds	1.3	0.9	4.6	3.5
Total interest income	**311.5**	**220.6**	**1,100.4**	**756.2**
Interest expense from deposits from customers	33.8	21.0	115.7	76.0
Interest expense from subordinated loan and unsecured bond	3.7	2.5	14.9	8.6
Other interest expenses	2.9	0.6	10.7	1.8
Total interest expenses	**40.4**	**24.1**	**141.3**	**86.5**
Net interest income	**271.1**	**196.6**	**959.1**	**669.8**

Note 10 - Net commissions and fees

Amounts in NOK million	Q4 2018	Q4 2017	2018	2017
Insurance services	15.7	13.8	58.3	46.3
Fees	27.7	11.9	89.9	42.8
Total income commissions and fees	**43.4**	**25.7**	**148.2**	**89.1**
Agent provision	12.6	9.2	50.8	32.3
Other expenses comissions and fees	6.1	6.9	23.4	19.8
Total expenses commissions and fees	**18.7**	**16.0**	**74.2**	**52.0**
Net commissions and fees	**24.7**	**9.7**	**74.1**	**37.0**

Note 11 - General administrative expenses

Amounts in NOK million	Q4 2018	Q4 2017	2018	2017
Direct marketing expenses	23.7	18.4	107.2	79.9
IT-expenses	11.2	5.4	29.2	16.0
Other general administrative expenses	9.4	4.1	33.9	19.4
Total general administrative expenses	**44.3**	**27.9**	**170.4**	**115.3**

Note 12 - Other operating expenses

Amounts in NOK million	Q4 2018	Q4 2017	2018	2017
Rental expenses	0.8	0.7	3.0	2.2
External audit and related services	1.2	0.5	3.0	1.8
Other consultants	4.5	1.4	9.4	8.4
Insurance	0.2	0.2	1.0	0.7
Other	4.2	3.3	14.6	9.9
Total other operating expenses	**10.9**	**6.0**	**31.0**	**23.0**

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 3.8 million excluding VAT. The Bank has no other significant leasing agreements.