

INTERIM REPORT 2017



Ekspres Bank 

Ekspres Bank



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Company Information

Ekspres Bank A/S

Oldenburg Allé 3
DK- 2630 Taastrup
Phone: +45 70 23 58 00
www.ekspresbank.dk

Ownership

The company is owned by
BNP Paribas Personal Finance S.A.
Unicity
143 rue Anatole France
92300 Levallois-Perret
France

*BNP Paribas Personal Finance S.A.
is a 100% subsidiary of the BNP
Paribas Group.*

Board of Directors

Benoit Cavelier (*Chairman*)
Veronique Berthout
Pierre de Fontenay
Marc Feltesse
Michael Ravbjerg Lundgaard (*Independent director*)
Marion Lorenzen (*Employee representative*)
Niels Egede Olsen (*Employee representative*)
Nicki Reinhold Byel (*Employee representative*)

Executive Board

Christopher Jehan
NORDIC CEO
John Poulsen
CEO

Auditors

Deloitte

Statement by the Management

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report of Ekspres Bank A/S as of 30 June 2017. The Interim Report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the Annual Report gives a true and fair view of the bank's assets, liabilities and financial position at the 30 June 2017 as well as the result of operations for the period 1 January – 30 June 2017.

Moreover, in our opinion, the management's review gives a true and fair view of the development of the bank's activities and financial position and describes the most significant risks and uncertainties that may affect the company.

Copenhagen, 21st September 2017

EXECUTIVE BOARD

John Poulsen
CEO

Christophe Jehan
Nordic CEO

BOARD OF DIRECTORS

Benoit Cavalier
Chairman

Veronique Berthout

Marc Feltesse

Pierre de Fontenay

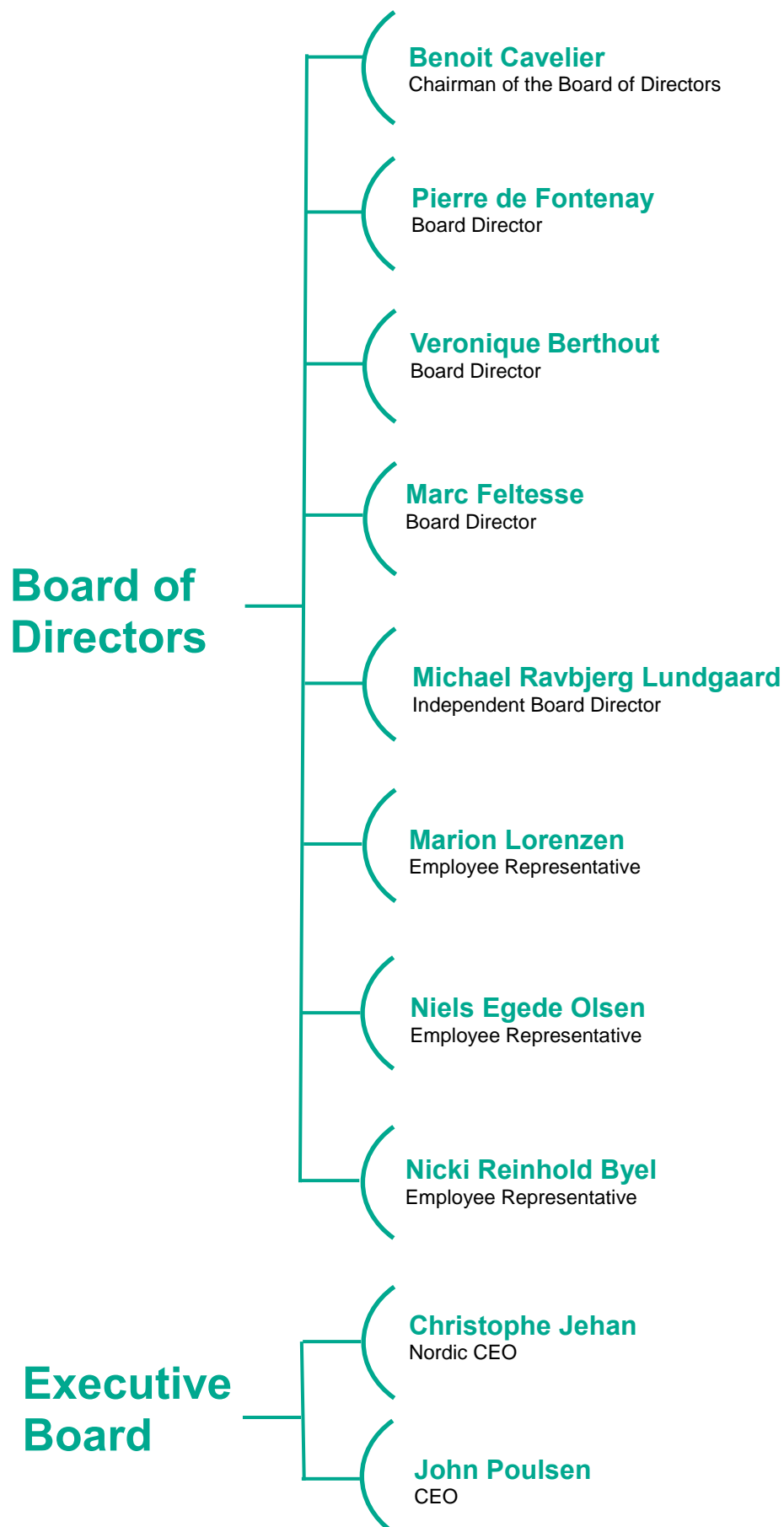
Michael Ravbjerg Lundgaard

Niels Egede Olsen

Nicki Reinhold Byel

Marion Lorenzen

Board of Directors



Board of Directors



Benoit Cavalier (Chairman)

Chairman of the Board of Directors – Ekspres Bank
 Head of SUN Region – BNP Paribas Personal Finance
 Board Director – RCS Investment Holdings Limited
 Chairman of the Board - RCS Collections Proprietary Limited
 Chairman of the Board - RCS Home Loans
 Chairman of the Board - RCS Cards Proprietary Limited
 Member of the Supervisory Board – Commerz Finanz
 Member of the Supervisory Board – Von Essen Bank GmbH
 Chairman of the Board – Alpha Credit
 Board Director – Creation Consumer Finance Limited
 Board Director – Creation Financial Services Limited



Veronique Berthout

Board Director – Ekspres Bank
 Head of Sales SUN Region – BNP Paribas Personal Finance

Pierre de Fontenay

Board Director – Ekspres Bank
 Member of the Audit Committee – Ekspres Bank
 Head of Nordic Region – BNP Paribas
 Board Director – Alfred Berg Asset Management AB
 Board Director – BNP Paribas Cardif Livsförsäkring AB



Michael Ravbjerg Lundgaard

Independent Board director – Ekspres Bank
 Member of the Audit Committee – Ekspres Bank
 Chief Audit Executive – DSB

Marc Feltesse

Board Director – Ekspres Bank
 Head of Plan Steering and Transformation
 Chairman Board VEB
 Chairman Board Efficco



Employee Representatives



Marion Lorenzen

Board Director – Ekspres Bank
 Owner and head of Maitreya Invest ApS
 Founder – Maitreya Properties Ltd.
 Cofounder – Anytime Apartments Ltd.

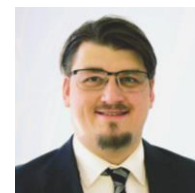


Nicki Reinhold Byel

Board Director – Ekspres Bank

Niels Egede Olsen

Board Director – Ekspres Bank
 Union Representative – Finanforbundet Ekspres Bank
 European Works Council Representative – BNP Paribas (Denmark)
 Work Council representative – Ekspres Bank
 Vice chairman of the executive committee of the Ekspres Bank union staff association
 Director – Neocortex Holding IVS
 Director – Tree of Dreams IVS



Executive Board



John Poulsen

CEO - Ekspres Bank
 Board Director at ACONTO CAPITAL AS
 Board Director at Finans & Leasing
 Sector Chairman at Forbrugslån & Kreditkort

Christophe Jehan

Nordic CEO – Ekspres Bank
 Board Director at ACONTO CAPITAL AS



Our business

Business introduction

Ekspres Bank is a Nordic digital consumer bank wishing to help as many people as possible realising their projects, being large or small, responsibly.

In 1987 we started out as a niche player in the Danish market - the result of a cooperation between Handelsbanken and Dansk Supermarked. We expanded to Norway in 2008, and acquired SevenDay Finans AB end of May 2017, located in Sweden. Since 2014 we have been a part of the BNP Paribas Personal Finance Group, providing Nordic consumers access to innovative, flexible personal credit, project funding options, complemented by payment and saving solutions. Our company has evolved into being a modern bank providing financial services directly and indirectly via sales relationships with more than 2.000 partners.

Ekspres Bank offers a range of consumer finance products for private individuals to support them in their projects. The product portfolio includes loans, credit cards, debt consolidation, credit insurance and intermediation of accident insurance.

The close attachment to retail business is a part of our DNA, and we strive to develop digital best-in-class solutions to enhance the customer experience at partners' stores and web shops. Thanks to our skilled and dedicated employees, we run our business with a commitment to responsibility.

High Customer Satisfaction

Rating level was 5,29 out of 6,0 in 2016 customer satisfaction survey

High Retailer Satisfaction

Rating level was 5,20 out of 6,0 in 2016 retailer satisfaction survey



Vision

Being a Nordic digital consumer bank, we aspire to become the preferred long-term partner to our clients, listening to the demands of every single individual

Mission

We want to help as many people as possible by realising their projects, whether large or small, in a responsible way

Our head office is located in Taastrup, and the Norwegian office is located in Oslo. In total, we:

- Employ 156 FTEs
- Manage >300.000 accounts in our customer portfolio
- Process >650.000 applications annually

International support base

Ekspres Bank has an international support base by BNP Paribas - Personal Finance.

We benefit from the best of two worlds, enjoying the financial support from our parent company, a necessity for running a robust modern bank, while staying agile and adaptive to our customers' and partners' demands.

Our CSR policy

Ekspres Bank does not have an explicit CSR policy. However, we follow some fundamental rules and principles to pursue the position as a more responsible and society oriented bank. We practice this by:

- Following a group charter on the protection of customer interest protection ensuring sufficient and transparent information and guidance to our existing and potential customers
- Collaborating with competitors via the sectoral association, "Finance and Leasing" on the tool "KreditStatus" to ensure responsible lending
- Practicing a non-biased employment culture in terms of gender, religion, race etc.

Our business

Ekspres Banks believes in the responsible financing of our customers' projects. Our commitment to responsibility derives from our parent company, BNP Paribas Personal Finance, and is the baseline for our entire business concept.

The commitment is based on three basic responsibilities:

Economic responsibility – we commit ourselves to:

- Develop and promote responsible offers and services
- Support our clients over the long term
- Adhere to responsible business ethics

Social responsibility – we commit ourselves to:

- Offer conditions of employment which are among best in class in the financial sector
- Encourage diversity in our staff mix
- Promote employee development

Environmental responsibility – we commit ourselves to:

- Aim at 100% digital document interchange with clients
- Promote energy conservations by giving access to products facilitating relevant initiatives
- Reduce usage of e.g. electricity, paper and facilitate recycling

55%

Female employees

45%

Male employees

> 40 years

47,83%

25 - 40 years

44,02%

< 25 years

8,15%



Management review

Financial review & Highlights

In 2017, the bank continues to grow in a highly competitive market and delivers a solid result with a return on equity before tax of 21,0%.

The bank delivered a pre-tax profit of DKK 204m, which is better than expectations compared with the pre-tax profit of DKK 107m the year before.

The result 2017 is also impacted by a sale of written off debts for an amount of DKK 120m whereas in 2016 an amount of DKK 12m related to the VISA share deal was included.

On May 31st, 2017, the bank acquired the Swedish Financing company, SevenDay Finans AB, hereby strengthening its position in the Nordic market.

Macroeconomic development

Relevant macroeconomic ratios have remained stable or improved during 2017. No drastic changes are expected and these ratios will be closely monitored during 2017.

Loans and receivables

The outstanding loans amount to DKK 4.196m, compared with DKK 3.924m at the end of 2016, which corresponds to an increase of 6,9%. This increase of DKK 272m is fully driven by organic growth in both the Danish and the Norwegian market.

New loans

Globally the amount of new loans and credit facilities increased by 47% in 2017 compared with the same period in 2016. This increase can be assigned to both the Danish and the Norwegian market.

Credit risk

The impairment losses recognized in the first half 2017 amounted to DKK -55m against DKK 36m in the first half of 2016.

The 2017 impairment losses were positively impacted by a sale of written off debts, generating a net income of DKK 120m.

Adjusted for effect of the debt sale, the net impairment ratio for the first half of 2017 is 1,5% which is at the expected level for the bank.

Results of operations

The increase in net interest and fee income of DKK 25,6m is the result of the increase in outstanding loans of 17,6% for the same period.

The bank's operating expenses and depreciation charges increased by 14,7% and totaled DKK 118m against DKK 103m in the first half of 2016. This increase is mainly driven by increased staff costs of DKK 16,4m and decreased other operating expenses (DKK -1,3m).

Subordinated loan capital

In the first half of 2017 the bank issued additional subordinated loan capital amounting to DKK 125m in order to strengthen its solvency ratio.

Balance sheet

During the first half of 2017, the bank's balance sheet increased from DKK 4.235m to DKK 6.164m, which corresponds to an increase of 45,5% compared with the end of 2016. The increase is primarily due to the investment in subsidiaries (DKK 874m), increased receivables from credit institutions (DKK 737m) and the development of the loan portfolio (DKK 271m). Equity totaled DKK 1.398m against DKK 618m at the end of 2016. A capital increase of DKK 625m was executed in connection with the acquisition of SevenDay Finans AB.

Management review

Capital adequacy ratio

The bank's capital base, less deductions, amounts to DKK 645m (including Tier2) and the capital adequacy ratio amounts to 15,9%, at the end of June 2017. The net result is not included in the capital adequacy ratio as per June 2017.

The bank's solvency need was calculated to be DKK 419m, at the end of June 2017, corresponding to 10,3% of the risk-weighted assets. Compared with the actual capital base of DKK 645m and the capital adequacy ratio of 15,9%, the excess solvency is DKK 226m (5,6%), which is sufficient to cover the Capital Conversion buffer, the Countercyclical Buffer and the internal buffer decided by the Board of Directors. However, the amount of Tier1 capital at the end of June is not sufficient. An action plan has been approved by the Board of Directors and has been rolled out. The Tier 1 solvency ratio will be in line with requirements by September 30th.

Expected changes in accounting principles

Due to expected changes in local regulation on provision methodology, deriving from the changes of IFRS 9, Ekspres Bank has constructed a new calculation methodology together with BNP Paribas Personal Finance, which is deemed suitable for fulfilling the IFRS 9 requirements. Full implementation of the new methodology will take place from 1st of January 2018, and based on the preliminary work which has been performed, it is estimated that the change from IAS39 to IFRS 9 methodology will require an additional provision for loss of DKK 50m to DKK 70m before tax. The effect will be recognized as an equity adjustment.

Gender under-representation

The Board of Directors elected by the general meeting of the bank account for 75% males and 25% females, thus below the Board's present target. The Board of Directors will at an upcoming meeting decide on whether a new target should be set based on the current composition. At high level management there is an under-representation of one gender but there is no under-representation of one gender in the bank's other managerial positions.

CSR

Please refer to page 7 for description of our CSR policy.

Post balance sheet events

No other events have occurred after the end of the first half year of 2017, that could affect the assessment of the Interim Report.

Outlook for 2nd half 2017

The Bank is expecting a moderate growth in the Danish market and a continued growth in the Norwegian market. Provided that there is no significant change in the market, the profit for the year is expected to be positively impacted by the continued development in the Nordic market. The Bank is continuing the integration work following the acquisition of SevenDay Finans AB.

Supervisory diamond

The Danish FSA has created a monitoring tool called the “Supervisory diamond” consisting of five benchmarks on specific risk areas, stating limit values, which the bank should basically observe.

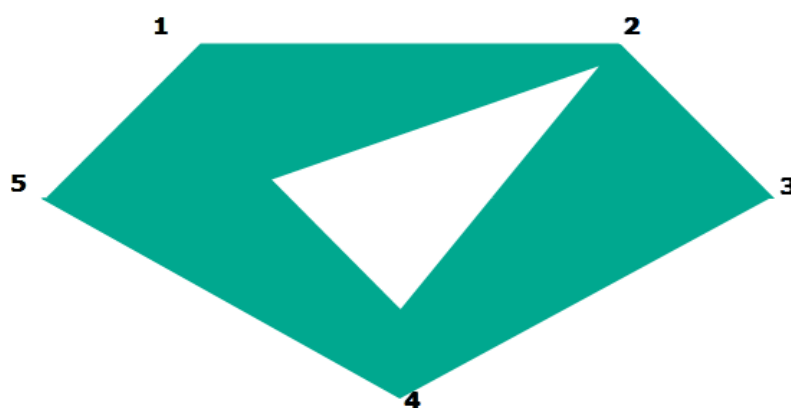
The five benchmarks are as follows:

1. Sum of large exposures
2. Lending growth
3. Concentration of commercial property exposures
4. Funding ratio
5. Excess liquidity coverage

Ekspres Bank does not have any current deposit accounts, therefore, the benchmark as to the funding ratio will exceed the limit value fixed by the Danish FSA, if the calculation of the bank’s business model is not adjusted. The table below shows the calculation of both funding ratios, in order to get a quick insight into the bank’s real value.

As of 30 June 2017, the bank was complying with the four other benchmarks set up by the Danish FSA. ‘

SUPERVISORY DIAMOND	EKSPRES BANK	REQUIRED
1. benchmark -> Sum of large exposures < 125%	0%	< 125%
2. benchmark -> Lending growth < 20%	17,6%	< 20%
3. benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. benchmark -> Funding ratio < 1	3,02	< 1,00
4. benchmark -> Funding ratio < 1 *	0,76	< 1,00
5. benchmark -> Excess liquidity coverage > 50 pct.	1,94	> 0,50



White lines = Ekspres Bank *

Green area = Limit values

* The funding ratio uses the internal model for the diamond

Financial highlights

Key figures (DKK '000)	HY 2017	HY 2016	2016	2015	2014
Net interest and fee income	261.157	235.526	474.796	467.781	441.780
Market value adjustments	-1.443	-2.448	5.611	-2.171	155
Staff costs and administrative expenses	116.833	101.733	204.760	183.588	175.816
Write-down of loans and receivables, etc.	-54.910	36.154	87.039	128.900	91.477
Net profit for the year	160.403	83.662	158.001	109.257	122.602
Loans	4.195.851	3.568.195	3.924.427	3.517.291	3.165.708
Equity	1.397.585	541.298	618.463	648.845	587.054
Total assets	6.163.533	3.961.596	4.234.971	3.768.924	3.285.535

Ratios (DKK '000)*	HY 2017	HY 2016	2016	2015	2014
Capital base **	645.331	602.384	774.199	589.863	529.752
Solvency ratio **	15,9	17,5	20,8	17,5	17,4
Core capital ratio **	8,8	12,7	16,3	17,5	17,4
Return on equity before tax	21,0	18,0	31,3	24,1	29,7
Return on equity after tax	16,5	14,1	24,9	17,7	21,9
Income/cost ratio, DKK	4,2	1,8	1,7	1,5	1,6
Interest-rate risk	-8,3	-7,8	-5,2	-4,8	-1,4
Currency position	0,0	0,0	0,0	0,0	0,0
Currency risk	0,0	0,0	0,0	0,0	0,0
Loans relative to deposits	-	-	-	-	-
Gearing of loans, end of year	3,0	6,6	6,3	5,4	5,4
Annual growth in loans	17,6	1,4	11,6	11,1	1,9
Excess cover relative to statutory liquidity requirements	194,3	164,0	127,6	183,7	211,3
Total amount of large exposures	0,0	0,0	0,0	0,0	0,0
Net impairment ratio	-1,3	0,9	2,0	3,4	2,6
Return on assets	2,6	2,9	3,7	2,9	3,7
Leverage ratio	12,6	15,7	18,8	16,3	16,7

* Calculated in accordance with the Danish FSA's definition of ratios.

** Capital base in 2014 is corrected to the new guidelines from the Danish FSA.

Income statement and comprehensive income

(DKK '000)	Note	HY 2017	HY 2016
<i>Interest income</i>	1	275.471	256.239
<i>Interest expenses</i>	2	57.803	68.187
<i>Net interest income</i>		217.668	188.052
<i>Fees and commission income</i>	3	83.695	82.831
<i>Fees and commission paid</i>		40.206	35.357
<i>Net interest and fee income</i>		261.157	235.526
<i>Market value adjustments</i>	4	-1.443	-2.448
<i>Other operating income</i>	5	371	13.098
<i>Staff costs and administrative expenses</i>	6	116.833	101.733
<i>Amortisation, depreciation and impairment of intangible assets and property, plant and equipment</i>		978	942
<i>Impairment losses, loans and receivables, etc.</i>	7	-54.910	36.154
<i>Result in affiliated undertakings</i>		6.704	0
<i>Profit before tax</i>		203.888	107.347
<i>Tax</i>		43.485	23.685
<i>Profit for the year</i>		160.403	83.662
<i>Other comprehensive income after tax</i>		-6.280	3.791
<i>Total comprehensive income</i>		154.123	87.453

Balance sheet

(DKK '000)	HY 2017	HY 2016	2016
Assets			
<i>Cash in hand and demand deposits with central banks</i>	37	9	19
<i>Receivables from credit institutions and central banks</i>	921.976	259.301	185.429
<i>Loans and other receivables at amortised cost</i>	4.195.851	3.568.195	3.924.427
<i>Investment securities</i>	3.153	2.595	2.797
<i>Investments in affiliated undertakings</i>	874.089	0	0
<i>Intangible assets</i>	11.734	3.884	6.531
<i>Property, plant and equipment</i>	802	142	108
<i>Current tax assets</i>	0	0	537
<i>Deferred tax assets</i>	7.246	24.023	8.621
<i>Other assets</i>	67.656	24.649	33.329
<i>Prepayments</i>	80.989	78.798	73.173
Total assets	6.163.533	3.961.596	4.234.971

Balance sheet

(DKK '000)	HY 2017	HY 2016	2016
Liabilities and equity			
Amounts due			
<i>Due to credit institutions and central banks</i>	4.218.041	3.060.506	3.254.104
<i>Current tax liabilities</i>	41.182	11.409	0
<i>Other liabilities</i>	108.553	86.184	91.682
<i>Deferred income</i>	108.172	97.199	105.722
Total amounts due	4.475.948	3.255.298	3.451.508
Subordinated debt			
<i>Subordinated loans</i>	290.000	165.000	165.000
Total subordinated debt	290.000	165.000	165.000
Equity			
<i>Share capital</i>	221.162	110.000	110.000
<i>Share premium</i>	513.838	0	0
<i>Equity method reserve</i>	6.704	0	0
<i>Retained earnings or loss brought forward</i>	655.881	431.298	508.463
<i>Proposed dividends</i>	0	0	0
Total equity	1.397.585	541.298	618.463
Total liabilities and equity	6.163.533	3.961.596	4.234.971

Other notes

<i>Contingent liabilities</i>	8
<i>Associated companies</i>	9

Statement of changes in equity

(DKK '000)	Share capital	Share premium	Equity method reserve	Retained earnings	Proposed dividends	Total
Equity, beginning of 2017	110.000	0	0	508.463	0	618.463
Capital increase	111.162	513.838	0	0	0	625.000
Profit for the year	0	0	6.704	153.699	0	160.403
Other comprehensive income						
Translation of units outside Denmark	0	0	0	-6.280	0	-6.280
Total other comprehensive income	0	0	0	-6.280	0	-6.280
Total comprehensive income	0	0	6.704	147.419	0	154.123
Transactions with the owners						
Dividends distributed	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0
Equity, end of June 2017	221.162	513.838	6.704	655.882	0	1.397.586

(DKK '000)	Share capital	Share premium	method reserve	Retained earnings	Proposed dividends	Total
Equity, beginning of 2016	110.000	0	0	498.845	40.000	648.845
Profit for the year	0	0	0	83.662	0	83.662
Other comprehensive income						
Translation of units outside Denmark	0	0	0	3.791	0	3.791
Total other comprehensive income	0	0	0	3.791	0	3.791
Total comprehensive income	0	0	0	87.453	0	87.453
Transactions with the owners						
Dividends distributed	0	0	0	0	-195.000	-195.000
Proposed dividends	0	0	0	-155.000	155.000	0
Equity, end of June 2016	110.000	0	0	431.298	0	541.298

The share capital amounts to DKK 221.162.000 distributed on shares of DKK 1.000 each or multiples thereof.

The share capital has been increased in May 2017 from an amount of DKK 110.000.000 into DKK 221.162.000.

Notes to the financial statements

Basis of preparation

The interim report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. ('the Executive Order').

The accounting policies are consistent with those of last year.

For description of the accounting policies reference is made to page 23-25 in the Annual Report 2016.

Notes to the financial statements

(DKK '000) HY 2017 HY 2016

Financial highlights

Financial highlights are shown on page 13

1 Interest income

Loans and other receivables	275.470	256.239
Total	275.470	256.239

Ekspres Bank does not provide segment disclosures, as the bank exclusively operates in the Nordic within a uniform customer group with a range of different products in the same category.

2 Interest expenses

Credit institutions and central banks	52.057	66.076
Reverse repo transactions with credit institutions and central banks	347	166
Derivatives, total	2.664	1.888
Thereof concerning:		
Interest-rate agreements	2.664	1.888
Subordinated loans	2.735	57
Total	57.803	68.187

3 Fees and commission income

Payment service fees	14.126	13.853
Other fees and commission income	69.570	68.978
Total	83.696	82.831

4 Market value adjustments

Derivatives	-1.443	-2.449
Other liabilities	0	1
Total	-1.443	-2.448

Notes to the financial statements

(DKK '000)	HY 2017	HY 2016
5 Other operating income		
<i>Income from VISA shares</i>	371	11.952
<i>Other income</i>	0	1.146
<i>Total</i>	371	13.098

6 Staff costs and administrative expenses

Staff costs and administrative expenses

<i>Wages and salaries</i>	55.900	42.333
<i>Pensions</i>	5.177	4.193
<i>Social security costs</i>	10.916	9.030
<i>Total</i>	71.993	55.556
<i>Other administrative expenses</i>	44.841	46.177
<i>Total staff costs and administrative expenses</i>	116.834	101.733

Ekspres Bank has no pension liabilities vis-à-vis current or former Board members.

Loans to management

<i>Executive Board</i>	0	0
<i>Board of Directors</i>	498	624
<i>Security for loans, etc.</i>	0	0
<i>Total</i>	498	624

Notes to the financial statements

(DKK '000)	HY 2017	HY 2016
7 Write-downs on loans and receivables		
<i>Group impairment losses during the year</i>	0	0
<i>Individual impairment losses during the year</i>	69.012	73.048
<i>Reversal of individual impairment losses recognised in previous years</i>	-22.894	-36.647
<i>Reversal of group impairment losses recognised in previous years</i>	-2.729	-16.800
<i>Final loss on debt previously written down</i>	20.470	17.038
<i>Loss on debt not previously written down</i>	3.175	2.731
<i>Amounts received, previously written-off debt</i>	-123.949	-2.186
<i>Other movements</i>	2.005	-1.030
Total	-54.910	36.154

8 Contingent liabilities

<i>Unused credit and loan commitments</i>	389.519	438.162
<i>Other contingent liabilities</i>	8.912	11.932
Total	398.431	450.094

In 2017 a debt sale has been performed, see comments in management review.

Contingent liabilities are related to unused credit and loan commitments to customers who have not yet signed the loan agreement.

Other contingent liabilities include obligations such as rent of premises and other significant contracts.

Notes to the financial statements

(DKK '000)

HY 2017

9 Associated companies

Name and location

Ekspress Bank NUF

Oslo, Norway

<i>Share in %</i>	100
<i>Average number of employees</i>	4
<i>Revenue *</i>	61.996
<i>Profit before tax</i>	3.213
<i>Tax</i>	780
<i>Government grants received</i>	0

** For companies reporting under the Financial Business Act, revenue is defined as interest, fee and commission and other operating income.*

Ekspress Bank NUF is 100% a branch of Ekspres Bank and consolidated within Ekspres Bank.

SevenDay Finans AB

Kista, Sweden

<i>Share in %</i>	100
<i>Average number of employees</i>	32
<i>Revenue *</i>	21.632
<i>Profit before tax</i>	8.744
<i>Tax</i>	2.041
<i>Government grants received</i>	0

** For companies reporting under the Financial Business Act, revenue is defined as interest, fee and commission and other operating income.*

SevenDay Finans AB was aquired May 31st and is a 100% subsidiary of Ekspres Bank.

The financial highlights above for SevenDay Finans AB represents the results since May 31st 2017.