



INTERIM  
REPORT

2016

# Company Information

## **Ekspres Bank A/S**

Oldenburg Allé 3

DK- 2630 Taastrup

Phone: +45 70 23 58 00

[www.ekspresbank.dk](http://www.ekspresbank.dk)

## **Ownership**

The company is owned by  
BNP Paribas Personal Finance S.A.  
1 Boulevard Haussmann  
75009 Paris  
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**

John Poulsen

*CEO*

## **Auditors**

Deloitte



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# 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 for 2016. The Interim Report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the Interim Report gives a true and fair view of the bank's assets, liabilities and financial position at the 30 June 2016 as well as the result of operations for the period 1 January – 30 June 2016.

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, 29 August 2016

## EXECUTIVE BOARD

John Poulsen  
*CEO*

## BOARD OF DIRECTORS

Benoit Cavalier  
*Chairman*

Pierre de Fontenay

Veronique Berthout

Marc Feltesse

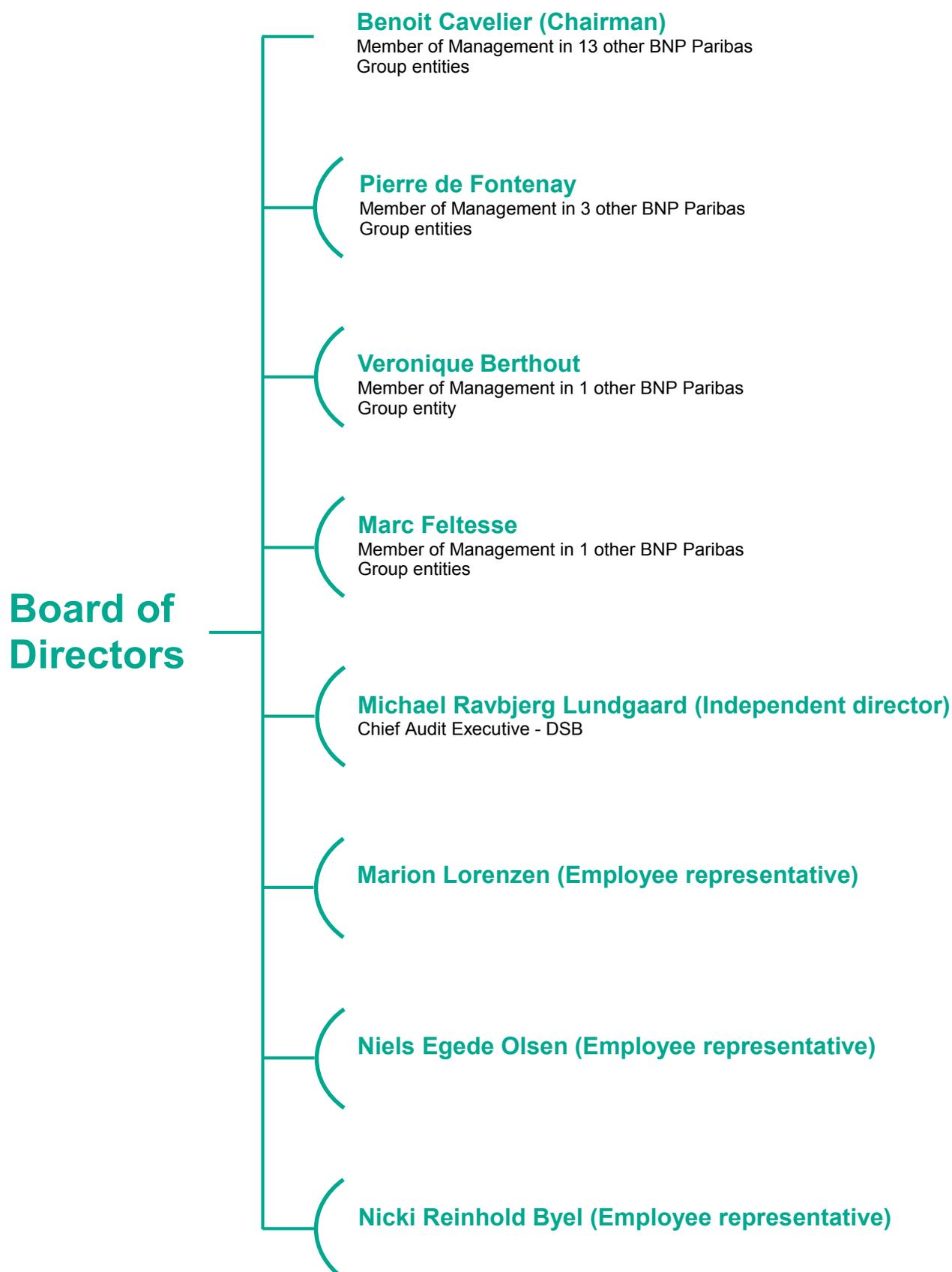
Michael Lundgaard

Marion Lorenzen

Niels Egede Olsen

Nicki Reinhold Byel

# Board of Directors



# Our business

## Business introduction

Ekspres Bank was established in 1987 as a result of a cooperation between Handelsbanken and Dansk Supermarked. Today, 29 years later, our company has revolutionised itself 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 accident insurance.

Our head office is located in Taastrup, and in May 2016 we opened a new office in Oslo. In total, we:

- Employ 140 FTEs
- Process >450.000 applications annually
- Manage >350.000 accounts in our customer portfolio

## Our values

Ekspres Bank runs its business based on three values:

- Customer-centric - we put our customers first
- Commitment - we take ownership
- Credibility - we do what we say

## High customer satisfaction

Rating level was 5,27 out of 6,0 in our 2015 customer satisfaction survey



## 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 gender, religion, race etc.

## International support base

Ekspres Bank has an international support base by its parent company BNP Paribas - Personal Finance. 2016 is a transition period for our bank, getting fully integrated in the group.

57%

Female employees

43%

Male employees

> 40 years

47,5%

25 - 40 years

44,0%

< 25 years

8,5%

# Management review

## Financial review

In first half of 2016, the bank continues to grow in a highly competitive market and delivers a solid result with a return on equity before tax of 18,0%.

The bank reported a pre-tax profit of DKK 107m, which is better than expectations and considered satisfactory compared with the pre-tax profit of DKK 88m for the first half of 2015.

## Macroeconomic development

Relevant macroeconomic ratios have remained stable during the first half of 2016. No drastic changes are expected and the ratios will be closely monitored during the second half of 2016.

## Loans and receivables

The outstanding loans amount to DKK 3.568m, compared with DKK 3.517m at the end of 2015, which corresponds to an increase of 1,4%. This increase of DKK 51m is mainly driven by organic growth in the Norwegian market.

## New loans

Globally the amount of new loans and credit facilities increased by 5,2% in the first half of 2016 compared to the first half of 2015. This increase can be fully assigned to the Norwegian market.

## Credit risk

Impairment losses recognised in the first half of 2016 amount to DKK 36m compared to DKK 52m in the first half of 2015. The net impairment ratio for the first half of 2016 is 0,9 which is at the expected level for the bank.

## Results of operations

The increase in outstanding loans of 1,4% and the change in our product portfolio mix have resulted in higher net interest income whereas fee and commission income remains fairly stable.

The bank's operating expenses and depreciation charges increased by 13,0% and totaled DKK 103m compared to DKK 91m in the first half of 2015, which is mainly driven by increased staff costs by DKK 7m and by increased other administrative expenses by DKK 6m. Depreciation charges decreased by DKK 2m which is explained by part of the intangible assets fully amortised during 2015.

Other operating income is positively affected by the VISA share deal that was completed in the first half of 2016 and amounted to DKK 12m.

## Subordinated loan capital

In first half of 2016 the bank issued subordinated loan capital amounted to DKK 165m.

## Balance sheet

During first half of 2016, the bank's balance sheet increased from DKK 3.769m to DKK 3.962m, which corresponds to an increase of 5,1% against the end of 2015. The increase is primarily due to the development of the loan portfolio and increased receivables from credit institutions. Equity totaled DKK 541m against DKK 649m at the end of 2015. Extraordinary dividends of DKK 155m was distributed to the parent company in June 2016.

## Capital adequacy ratio

The bank's capital base, less deductions, amounted to DKK 602m and the capital adequacy ratio amounted to 17,5% at the end of June 2016.

The bank's solvency need was estimated to account for DKK 355m at the end of June 2016, corresponding to 10,3% of the risk-weighted assets. Compared with the actual capital base and the capital adequacy ratio of DKK 602m (17,5%), the excess solvency was of DKK 247m (7,2%). The excess capital adequacy is estimated to be satisfactory, and will ensure the continuous operations of the business as well as the development of the bank.

## Gender under-representation

The Board of Directors elected by the general meeting of the bank accounts for 80% males and 20% females, thus below the Board's present target. The Board of Directors will at an upcoming meeting decide on a new target based on the current composition. At other managerial positions, there is no under-representation of one gender and consequently the bank has not set a policy for increasing the under-represented gender in these positions.

## CSR

Please refer to page 6 for description of our CSR policy.

## Post balance sheet events

No other events have occurred after the end of the first half of 2016 which could affect the assessment of the Interim Report.

## Outlook for second half of 2016

Provided that there are no significant changes in the market, profit for the year is expected to be at the same level as in 2015. The bank expects moderate growth in 2016 in the Danish market and a continued growth in the Norwegian market. In addition, the bank will continue to investigate opportunities for more global Nordic solutions.

# 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.

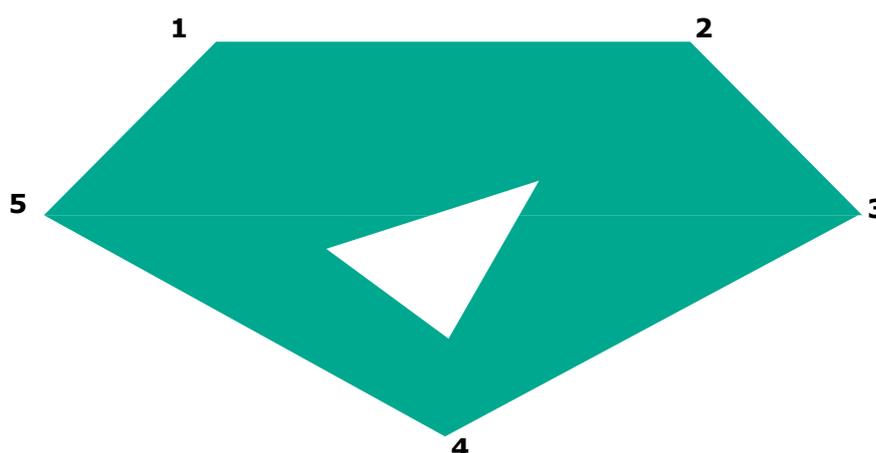
## The five benchmarks are as follows:

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 2016, 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%	8,2%	< 20%
3. Benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. Benchmark -> Funding ratio < 1	6,59	< 1,00
4. Benchmark -> Funding ratio < 1 *	0,70	< 1,00
5. Benchmark -> Excess liquidity coverage > 50 pct.	1,64	> 0,50



*White lines = Ekspres Bank\**

*Green area = Limit values*

*\*The funding-ratio uses the internal model for the diamond*

# Financial highlights

<b>Key figures (DKK'000)</b>	<b>HY 2016</b>	<b>HY 2015</b>	<b>2015</b>
<i>Net interest and fee income</i>	235.526	229.872	467.781
<i>Market value adjustments</i>	-2.448	911	-2.171
<i>Staff costs and administrative expenses</i>	101.733	88.233	183.588
<i>Write-down of loans and receivables, etc.</i>	36.154	52.256	128.900
<i>Net profit for the year</i>	83.662	66.087	109.257
<i>Loans</i>	3.568.195	3.296.665	3.517.291
<i>Equity</i>	541.298	616.486	648.845
<i>Total assets</i>	3.961.596	3.500.663	3.768.924
<b>Ratios (DKK'000) *</b>	<b>HY 2016</b>	<b>HY 2015</b>	<b>2015</b>
<i>Capital base</i>	602.384	538.381	589.863
<i>Solvency ratio</i>	17,5	17,0	17,5
<i>Core capital ratio</i>	12,7	17,0	17,5
<i>Return on equity before tax</i>	18,0	14,6	24,1
<i>Return on equity after tax</i>	14,1	11,0	17,7
<i>Income/cost ratio, DKK</i>	1,8	1,6	1,5
<i>Interest-rate risk</i>	-7,8	-3,3	-4,8
<i>Currency position</i>	0,0	0,0	0,0
<i>Currency risk</i>	0,0	0,0	0,0
<i>Loans relative to deposits</i>	-	-	-
<i>Gearing of loans, end of period</i>	6,6	5,3	5,4
<i>Period growth in loans</i>	1,4	4,1	11,1
<i>Excess cover relative to statutory liquidity requirements</i>	164,0	222,7	183,7
<i>Total amount of large exposures</i>	0,0	0,0	0,0
<i>Net impairment ratio</i>	0,9	1,4	3,4
<i>Return on assets</i>	2,1	1,9	2,9
<i>Leverage ratio</i>	15,7	15,9	16,3

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

# Income statement and comprehensive income

Note	(DKK'000)	HY 2016	HY 2015
1	<i>Interest income</i>	256.239	238.127
2	<i>Interest expenses</i>	68.187	56.669
	<i>Net interest income</i>	188.052	181.458
3	<i>Fees and commission income</i>	82.831	80.648
	<i>Fees and commission paid</i>	35.357	32.234
	<i>Net interest and fee income</i>	235.526	229.872
4	<i>Market value adjustments</i>	-2.448	911
5	<i>Other operating income</i>	13.098	43
6	<i>Staff costs and administrative expenses</i>	101.733	88.233
	<i>Amortisation, depreciation and impairment of intangible assets and property, plant and equipment</i>	942	2.630
7	<i>Impairment losses, loans and receivables, etc.</i>	36.154	52.256
	<i>Profit before tax</i>	107.347	87.707
	<i>Tax</i>	23.685	21.620
	<i>Profit for the period</i>	83.662	66.087
	<i>Other comprehensive income after tax</i>	3.791	3.345
	<i>Total comprehensive income</i>	87.453	69.432

# Balance sheet

Note	(DKK'000)	HY 2016	HY 2015	2015
<b>Assets</b>				
	<i>Cash in hand and demand deposits with central banks</i>	9	20	18
	<i>Receivables from credit institutions and central banks</i>	259.301	84.860	110.278
	<i>Loans and other receivables at amortised cost</i>	3.568.195	3.296.665	3.517.291
	<i>Intangible assets</i>	3.884	3.012	3.118
	<i>Property, plant and equipment</i>	142	177	176
	<i>Current tax assets</i>	0	0	10.582
	<i>Deferred tax assets</i>	24.023	19.666	25.445
	<i>Other assets</i>	27.244	25.041	26.151
	<i>Prepayments</i>	78.798	71.222	75.865
	<b>Total assets</b>	<b>3.961.596</b>	<b>3.500.663</b>	<b>3.768.924</b>

# Balance sheet

Note	(DKK'000)	HY 2016	HY 2015	2015
<b>Liabilities and equity</b>				
<b>Amounts due</b>				
	<i>Due to credit institutions and central banks</i>	3.060.449	2.710.578	2.940.473
	<i>Current tax liabilities</i>	11.409	9.670	0
	<i>Other liabilities</i>	86.241	67.073	80.704
	<i>Deferred income</i>	97.199	95.256	98.902
	<b>Total amounts due</b>	<b>3.255.298</b>	<b>2.882.577</b>	<b>3.120.079</b>
<b>Provisions for liabilities</b>				
	<i>Other provisions</i>	0	1.600	0
	<b>Total provisions for liabilities</b>	<b>0</b>	<b>1.600</b>	<b>0</b>
	<b>Subordinated debt</b>	<b>165.000</b>	<b>0</b>	<b>0</b>
<b>Equity</b>				
	<i>Share capital</i>	110.000	110.000	110.000
	<i>Retained earnings or loss brought forward</i>	431.298	506.486	498.845
	<i>Proposed dividends</i>	0	0	40.000
	<b>Total equity</b>	<b>541.298</b>	<b>616.486</b>	<b>648.845</b>
	<b>Total liabilities and equity</b>	<b>3.961.596</b>	<b>3.500.663</b>	<b>3.768.924</b>
<b>Other notes</b>				
8	<i>Contingent liabilities</i>			

# Statement of changes in equity

(DKK '000)

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Proposed dividends</i>	<i>Total</i>
<i>Equity, beginning of 2016</i>	110.000	498.846	40.000	648.846
<i>Profit for the period</i>	0	83.662	0	83.662
<i>Other comprehensive income</i>				
<i>Translation of units outside Denmark</i>	0	3.791	0	3.791
<i>Total other comprehensive income</i>	0	3.791	0	3.791
<i>Total comprehensive income for the period</i>	0	87.453	0	87.453
<i>Transactions with the owners</i>				
<i>Dividends distributed</i>	0	0	-195.000	-195.000
<i>Proposed dividends</i>	0	-155.000	155.000	0
<i>Equity, end of June 2016</i>	110.000	431.299	0	541.299

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Proposed dividends</i>	<i>Total</i>
<i>Equity, beginning of 2015</i>	110.000	437.054	40.000	587.054
<i>Profit for the period</i>	0	66.087	0	66.087
<i>Other comprehensive income</i>				
<i>Translation of units outside Denmark</i>	0	3.345	0	3.345
<i>Total other comprehensive income</i>	0	3.345	0	3.345
<i>Total comprehensive income for the period</i>	0	69.432	0	69.432
<i>Transactions with the owners</i>				
<i>Dividends distributed</i>	0	0	-40.000	-40.000
<i>Proposed dividends</i>	0	0	0	0
<i>Equity, end of June 2015</i>	110.000	506.486	0	616.486

The share capital amounts to DKK 110.000.000 distributed on shares of DKK 1.000 each or multiples thereof.

The share capital has remained unchanged at DKK 110.000.000 in the past 5 years.

# Notes to the financial statements

## NOTE

### ***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 18 and 19 in the Annual Report 2015.

# Notes to the financial statements

## NOTE

(DKK'000)	HY 2016	HY 2015
<b>Financial highlights</b>		
<i>Financial highlights are shown on page 9</i>		
<b>1 Interest income</b>		
<i>Credit institutions and central banks</i>	0	0
<i>Loans and other receivables</i>	256.239	238.127
<b>Total</b>	<b>256.239</b>	<b>238.127</b>
<i>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.</i>		
<b>2 Interest expenses</b>		
<i>Credit institutions and central banks</i>	66.076	54.473
<i>Subordinated debt</i>	57	0
<i>Reverse repo transactions with credit institutions and central banks</i>	166	0
<i>Derivatives, total</i>	1.888	2.196
<i>Thereof concerning:</i>		
<i>Interest-rate agreements</i>	1.888	2.196
<b>Total</b>	<b>68.187</b>	<b>56.669</b>
<b>3 Fees and commission income</b>		
<i>Other fees and commission income</i>	82.831	80.648
<b>Total</b>	<b>82.831</b>	<b>80.648</b>
<b>4 Market value adjustments</b>		
<i>Derivatives</i>	-2.449	917
<i>Other assets</i>	0	0
<i>Other liabilities</i>	1	-6
<b>Total</b>	<b>-2.448</b>	<b>911</b>

# Notes to the financial statements

## NOTE

	(DKK'000)	HY 2016	HY 2015
<b>5</b>	<b>Other operating income</b>		
	Income from VISA shares	11.952	0
	Other income	1.146	43
	<b>Total</b>	<b>13.098</b>	<b>43</b>
<b>6</b>	<b>Staff costs and administrative expenses</b>		
	Wages and salaries	42.333	37.560
	Pensions	4.193	3.728
	Social security costs	9.030	7.338
	<b>Total</b>	<b>55.556</b>	<b>48.626</b>
	Other administrative expenses	46.177	39.607
	<b>Total staff costs and administrative expenses</b>	<b>101.733</b>	<b>88.233</b>

*Ekspres Bank has a limited risk profile, since the Executive Board is the only one with significant impact on the company's risk profile.*

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

### **Loans to management**

#### **Loans and loan commitments and charges, guarantees or warranties to members of the:**

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

*\*Loans to the employee representative members of the Board of Directors are only included in 2016 as the members was elected in first half of 2016.*

# Notes to the financial statements

## NOTE

<b>(DKK'000)</b>	<b>HY 2016</b>	<b>HY 2015</b>
<b>7</b>		
<b><i>Write-downs on loans and receivables</i></b>		
<i>Group impairment losses during the period</i>	0	3.093
<i>Individual impairment losses during the period</i>	73.048	69.365
<i>Reversal of individual impairment losses recognised in previous periods</i>	-36.647	-29.192
<i>Reversal of group impairment losses recognised in previous periods</i>	-16.800	0
<i>Final loss on debt previously written down</i>	17.038	8.252
<i>Loss on debt not previously written down</i>	2.731	4.674
<i>Amounts received, previously written-off debt</i>	-2.186	-3.016
<i>Other movements</i>	-1.030	-921
<b>Total</b>	<b>36.154</b>	<b>52.256</b>
<b>8</b>		
<b><i>Contingent liabilities</i></b>		
<i>Unused credit and loan commitments</i>	438.162	308.218
<i>Other contingent liabilities</i>	11.932	15.706
<b>Total</b>	<b>450.094</b>	<b>323.924</b>

*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

## NOTE

(DKK '000)	HY 2016
<b>9</b>	<b><i>Name and location</i></b>
	<i>Ekspress Bank NUF</i>
	<i>Oslo, Norway</i>
	<i>Share in %</i>
	100
	<i>Number of employees</i>
	1
	<i>Revenue *</i>
	48.407
	<i>Profit before tax</i>
	5.380
	<i>Tax</i>
	1.246
	<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.*