

# INTERIM REPORT 2018



## 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.expressbank.dk](http://www.expressbank.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**

Gilles Zeitoun (*Chairman*)

Veronique Berthout

Anders Eirik Winter

Frederic Thorald

John Poulsen

Gilles de Wailly

Michael Ravbjerg Lundgaard (*Independent director*)

Marion Lorenzen (*Employee representative*)

Niels Egede Olsen (*Employee representative*)

Nicki Reinhold Byel (*Employee representative*)

Søren Illum (*Employee representative*)

## **Executive Board**

Christophe Jehan

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 of 30 June 2018. The Annual 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 2018 as well as the result of operations for the period 1 January – 30 June 2018.

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, the 27 September 2018.

## EXECUTIVE BOARD

Christophe Jehan  
*CEO*

## BOARD OF DIRECTORS

Gilles Zeitoun  
*Chairman*

Frederic Thoral

Veronique Berthout

Gilles de Wailly

Anders Eirik Winter

Michael Ravbjerg Lundgaard

John Poulsen

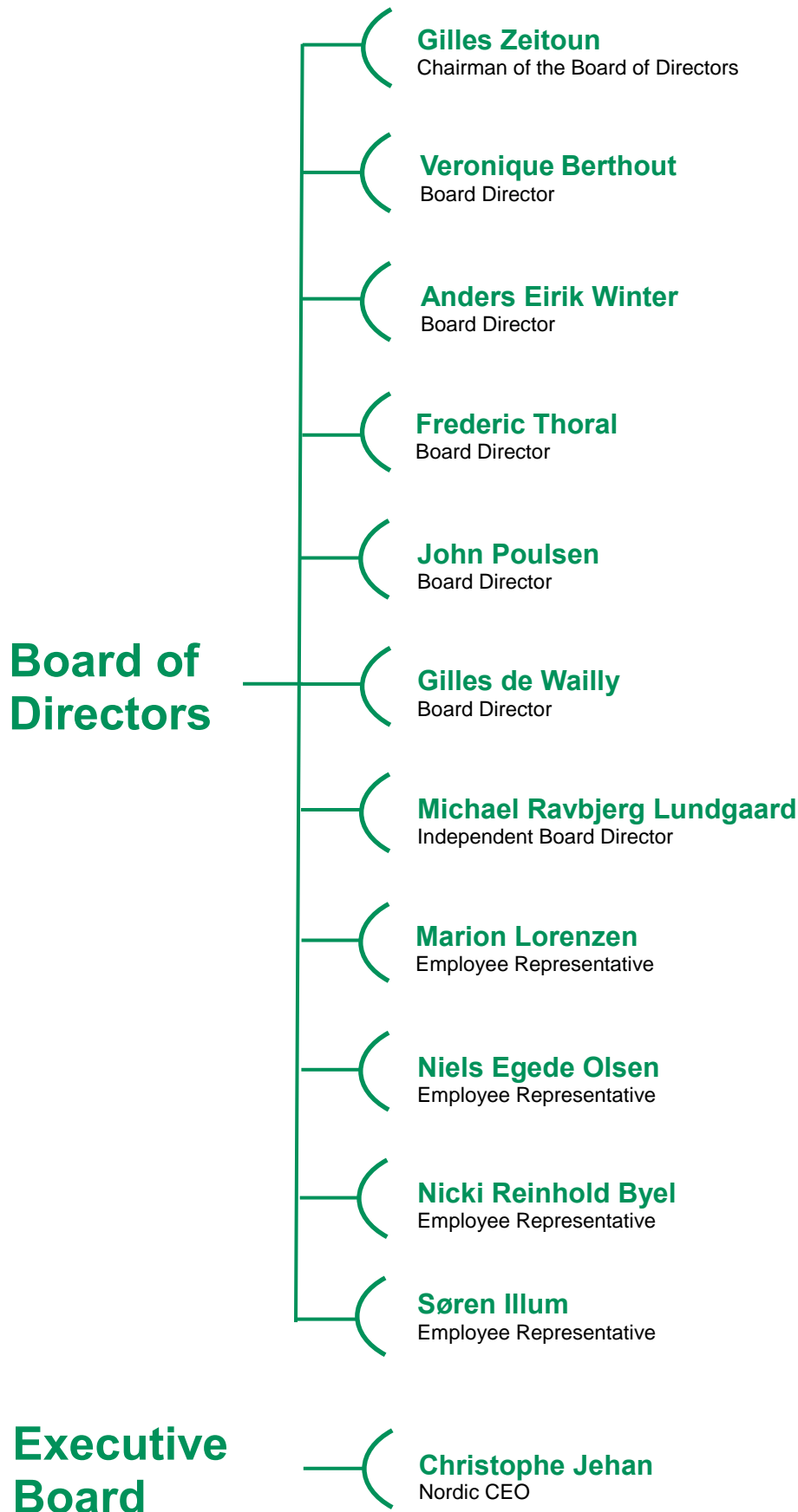
Niels Egede Olsen

Marion Lorenzen

Nicki Reinhold Byel

Søren Illum

# Board of Directors



# Board of Directors



## Gilles Zeitoun (Chairman)

Chairman of the Board – Ekspres Bank A/S  
 Chairman of the Board – SevenDay Finans AB  
 Chairman of the Board – Creation Consumer Finance Limited  
 Chairman of the Board – Creation Financial Service Limited



## Veronique Berthout

Board Director – Ekspres Bank A/S  
 Head of Sales SUN Region – BNP Paribas PF

## Anders Eirik Winter

Board Director – Ekspres Bank A/S  
 Head of Nordic Region – BNP Paribas  
 Head of CIB Nordics  
 Member of the Global Banking EMEA Board



## Michael Ravbjerg Lundgaard

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

## Frederic Thoral

Board Director – BNP Paribas Personal Finance EAD  
 Board Director – Ekspres Bank  
 Member of the Supervisory Board – Magyar Cetelem Bank  
 Board member – SevenDay Finans AB



## John Poulsen

Board Director – Ekspres Bank A/S  
 Board Director – ACONTO CAPITAL AS  
 Chairman of consumer finance sector – Finans & Leasing  
 Sector Chairman at Forbrugslån & Kreditkort

## Gilles de Wailly

Board Director – Ekspres Bank A/S  
 Board Director – Alpha Credit  
 Chairman of the Board- United Partnership



## Employee Representatives



## Marion Lorenzen

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

## Nicki Reinhold Byel

Board Director – Ekspres Bank A/S



## Søren Illum

Board Director – Ekspres Bank A/S  
 Owner and head of Sherrybodega.dk

## Niels Egede Olsen

Board Director – Ekspres Bank A/S  
 Union Representative – Finansforbundet Ekspres Bank  
 European Works Council Representative – BNP Paribas (Denmark)  
 Vice chairman of the executive committee of the Ekspres Bank union staff association  
 Director – Neocortex Holding IVS



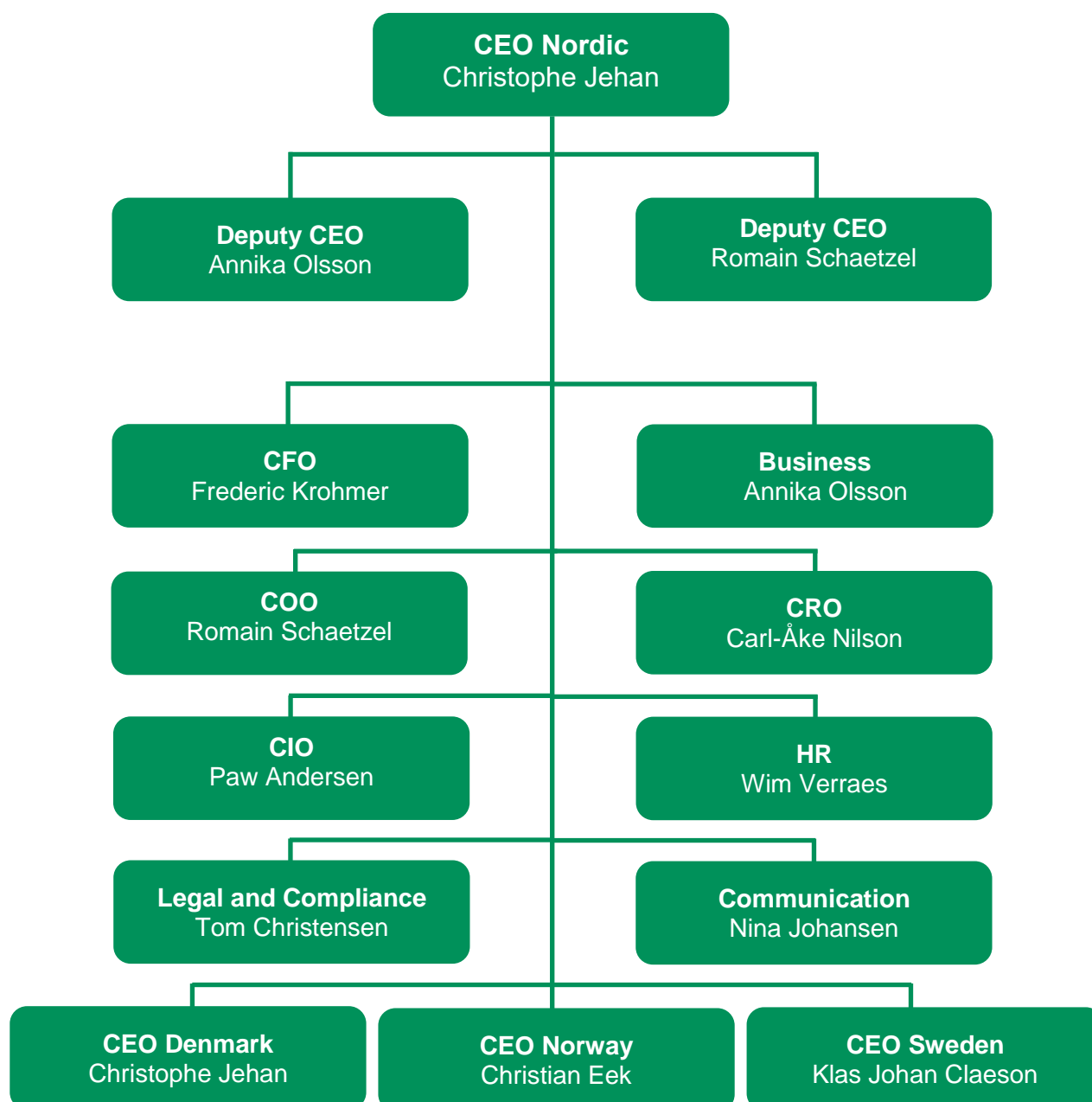
# Executive Board



## Christophe Jehan

Nordic CEO – Ekspres Bank A/S  
 Board Director at ACONTO CAPITAL AS

# Nordic organisation





# 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, in a responsible way.

In 1987 we started out as a niche player in the Danish market - the result of a cooperation between Handelsbanken and Dansk Supermarked. We entered the Norwegian market in 2008. In May 2017 we also acquired SevenDay AB to strengthen our position within Sweden and to strengthen our position in the Nordics. Today we are 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.

## 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 Sweden Ekspres Bank is represented in Kista through our subsidiary SevenDay Finans AB. In total, we:

- Employ 214 FTEs
- Manage >350.000 accounts in our customer portfolio
- Process >1.100.000 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 costumers' and partners' demands.



# Our business

## High Customer Satisfaction

Rating level was 5,32 out of 6,0 in our customer satisfaction survey



## High Retailer Satisfaction

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

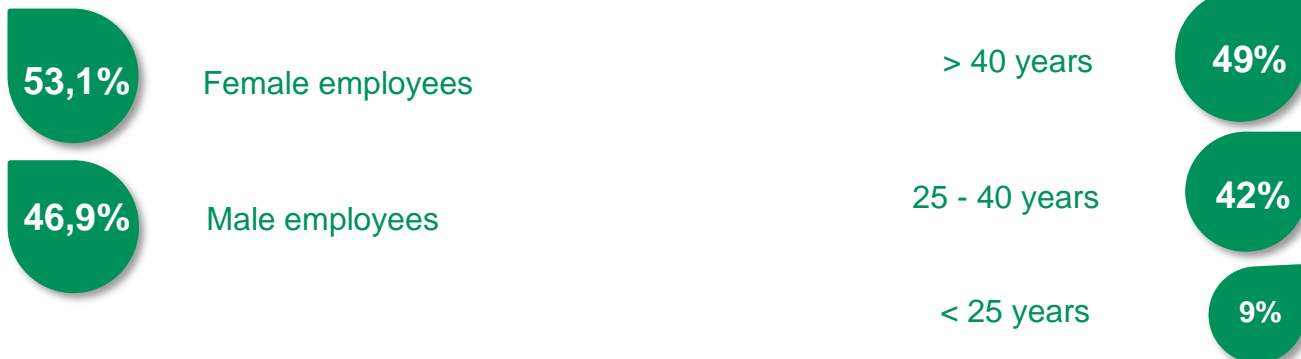
### Our CSR policy

Ekspres Bank does not have an explicit CSR policy. However, we align ourselves with 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.

Ekspres Bank 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.

### Employee profile

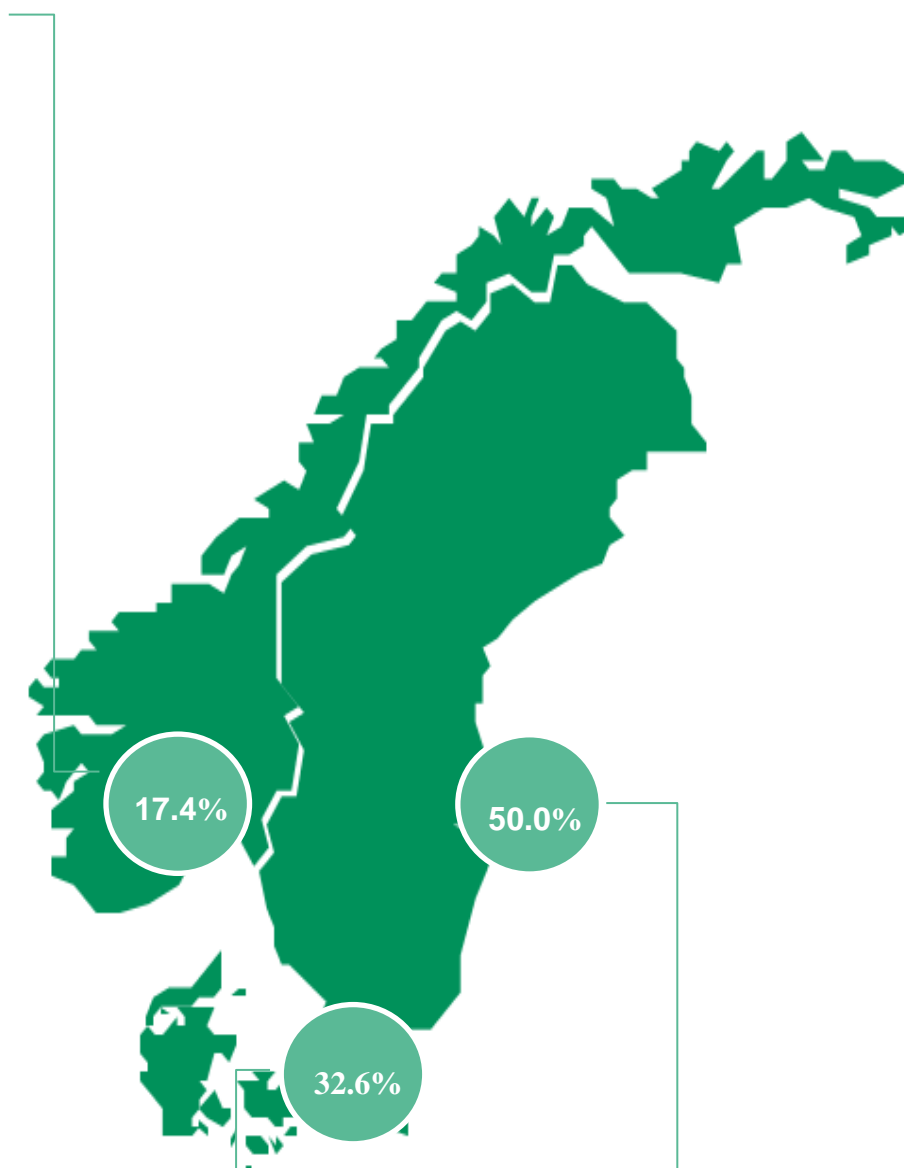


# Nordic overview

## Norway

### Share of total outstanding balance

Acquisition channels being via retail partners, brokers and direct business



## Denmark

### Share of total outstanding balance

Acquisition channels being via retail partners, brokers and direct business

## Sweden

### Share of total outstanding balance

Acquisition channels being via brokers and direct business

Please note, that the outstanding balance, in the Financial Statement and in the Highlights, is only linked to the business of Denmark and Norway. The above overview is to support the figures given, with an overview of the full Nordic contribution.

# Management review

## Financial review

In 2018, the bank continues to grow in a highly competitive market and delivers a solid result with a pre-tax profit of DKK 97m. This is in line with expectations and considered satisfactory compared with the pre-tax profit of DKK 204m the year before, given that the 2017 result includes a sale of written off debts for an amount of DKK 120m.

On May 31<sup>st</sup>, 2017, the bank acquired the Swedish Financing company, SevenDay Finans AB, hereby strengthening its position in the Nordic Market. This year, the full effect of this acquisition can be seen, where the half year result of 2017 only included one month of result.

## Macroeconomic development

Relevant macroeconomic ratios have remained stable or improved during 2018. No drastic changes are expected and these ratios will be closely monitored during 2018.

## Loans and receivables

The outstanding loans amount to DKK 4.945m, compared with DKK 4.694m at the end of 2017, which corresponds to an increase of 5,3%. This increase of DKK 251m 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 7% in 2018 compared with the same period in 2017. This increase is fully assigned to the Norwegian market.

## Credit risk

Impairment losses recognized in the first half of 2018 amounted to DKK 81m against an income of DKK 55m in the first half of 2017. The 2017 impairment losses were positively impacted by a debt sale on both the Danish and Norwegian market, giving a one-off impact of DKK 120m.

In addition, the bank has changed the provisioning methodology from IAS39 to IFRS9. This resulted in first time application impact of DKK 88m before tax. This effect is recognized as an equity adjustment.

The net impairment ratio for the first half of 2018 is 1,6%, which is at the expected level for the bank.

## Results of operations

In 2018, the bank delivers a satisfactory result at DKK 97m before tax. Compared to last year, this is a decrease of DKK 107m as 2017 was impacted by the one off effect of the debt sale (DKK 120m). SevenDay Finans AB on the other hand is contributing with 6 months in 2018 compared to only one month contribution in 2017.

Net interest and fees increase by 7,7% (DKK 20m) lead by outstanding loans growth of 5,4%, a one-off interest on tax refunds DKK 3m.

The bank's operating expenses and depreciation charges increased by 19,3% and totaled DKK 140m against DKK 118m in the first half of 2017. This increase is mainly driven by an increase in other administrative expenses of DKK 19m, driven by increased marketing costs (DKK 5m), increased IT costs (DKK 3m), increased consultancy fees (DKK 5m), increased miscellaneous (DKK 4m) and staff costs increase by DKK 2,6m.

## Balance sheet

During the first half of 2018, the bank's balance sheet increased by DKK 52m from DKK 6.164m to DKK 6.216m.

Equity totaled DKK 1.584m against DKK 1.468m at the end of 2017. The bank has received a capital increase of DKK 120m in 2018 in connection with a capital increase in SevenDay in Sweden. The equity is also impacted by an adjustment due to the first time impact of the IFRS9 implementation, giving a reduction in equity net tax of DKK 69m.

No dividends has been paid out in 2018.

# Management review

## Capital adequacy ratio

The bank's capital base, less deductions, amounts to DKK 1.045m (including Tier2) and the capital adequacy ratio amounts to 21,7%, at the end of June 2018. The net result is not included in the capital ratio as per June 2018.

The bank's solvency need was calculated to be DKK 494m per June 2018, corresponding to 10,3% of the risk-weighted assets. Compared with the actual capital base of DKK 1.045m and the capital adequacy ratio of 21,7%, the excess solvency is DKK 550m (11,4%), which is sufficient to cover the Capital Conversion buffer, the Countercyclical Buffer and the internal buffer decided by the Board of Directors. The excess capital adequacy is considered to be sufficient, and will ensure the continuous operations of the business as well as the development of the bank.

## Changes in accounting principles

Due to 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. This was implemented from 1st of January 2018, and the change from IAS39 to IFRS 9 methodology has required an additional provision for loss of DKK 88m before tax in Ekspres Bank. The effect is recognized as an equity adjustment.

The bank has chosen to implement the phasing of the first time application effect of IFRS9 in the solvency calculation.

## Gender under-representation

The Board of Directors elected by the general meeting of the bank account for 85% males and 15% females, thus below the Board's present target. The Board of Directors will decide on whether a new target should be set taking into consideration that general meeting elected members are recommended and elected by the shareholder.

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 9 for description of our CSR policy.

## Post balance sheet events

No events have occurred after the end of first half year of 2018, which could affect the assessment of the Interim Report.

## Outlook for 2<sup>nd</sup> half of 2018

The Bank will further continue its transformation toward a Nordic organization which aims at better serving its Nordic partners and customers.

The bank is expecting a moderate growth in the Danish market and a continued strong growth in the Norwegian and Swedish market which should contribute to deliver a solid result for the year.

# 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 ratio

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. Ekspres Bank calculates internal funding ratio using model, which includes committed and uncommitted credit lines. 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 June 2018, 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%	17,9%	< 20%
3. benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. benchmark -> Funding ratio < 1	2,64	< 1,00
<i>4. benchmark -&gt; Funding ratio &lt; 1 *</i>	<i>0,49</i>	<i>&lt; 1,00</i>
5. benchmark -> Liquidity ratio > 100 pct.	10,51	> 1,00



**White lines = Ekspres Bank \***

**Green area = Limit values**

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

# Solvency

(DKK '000)	Note	HY 2018	EY 2017
<i>Equity</i>		1.584.384	1.467.798
<i>Proposed dividends</i>		0	0
<i>Capitalised tax assets</i>		0	-482
<i>Intangible assets</i>		-256.409	-270.816
<i>Non audited result</i>		-84.149	0
<i>IFRS9 phasing</i>		65.458	0
<i>Total core capital after deductions</i>		1.309.284	1.196.500
<i>Subordinated loan capital after deductions</i>		290.000	290.000
<i>Investments, etc. &gt; 10%</i>		-554.622	-524.412
<i>Total capital base after deductions</i>		1.044.661	962.088
<i>Total weighted items</i>		4.807.142	4.630.621
<i>Solvency ratio</i>		21,7	20,8

The Banks capital base, less deductions, amounts to DKK 1.045m, at the end of June 2018, including subordinated loans of DKK 290m. The Banks capital adequacy ratio amounts to 21,7% at the end of June 2018.

The excess capital adequacy is considered to be sufficient, and will ensure the continuous operations of the business as well as the development of the bank.

# Financial highlights

<b>Key figures</b> (DKK '000)	<b>HY 2018</b>	<b>HY 2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net interest and fee income	281.348	261.157	532.094	474.796	467.781
Market value adjustments	804	-1.443	-3.182	5.611	-2.171
Staff costs and administrative expenses	138.627	116.833	259.418	204.760	183.588
Write-down of loans and receivables, etc.	80.656	-54.910	13.263	87.039	128.900
Net profit for the year	84.149	160.403	234.386	158.001	109.257
Loans	4.945.145	4.195.851	4.693.926	3.924.427	3.517.291
Equity	1.584.384	1.397.585	1.467.798	618.463	648.845
Total assets	6.216.357	6.163.533	6.100.659	4.234.971	3.768.924
<b>Ratios</b> (DKK '000)*	<b>HY 2018</b>	<b>HY 2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Capital base	1.044.661	645.331	962.087	774.199	589.863
Solvency ratio	21,7	15,9	20,8	20,8	17,5
Core capital ratio	15,7	8,8	14,5	16,3	17,5
Return on equity before tax	6,4	21,0	28,0	31,3	24,1
Return on equity after tax	5,5	16,5	22,5	24,9	17,7
Income/cost ratio	1,4	4,2	2,1	1,7	1,5
Interest-rate risk	-2,3	-8,3	-3,3	-5,2	-4,8
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	3,1	3,0	3,2	6,3	5,4
Annual growth in loans	17,9	17,6	19,6	11,6	11,1
Excess cover relative to statutory liquidity requirements**	1.051,1	194,3	217,3	127,6	183,7
Total amount of large exposures	0,0	0,0	0,0	0,0	0,0
Net impairment ratio	1,6	-1,3	0,3	2,0	3,4
Return on assets	1,4	2,6	3,8	3,7	2,9

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

\*\* The methodology for measuring the liquidity ratio has been changed from June 2018 according to the new guidance from FSA, from the previous §152 liquidity ratio to the new benchmark for LCR. The ratio for the previous years is based on the old method. Therefore the ratio for HY 2018 cannot be compared with the ratios for previous years.



# Income statement and comprehensive income

(DKK '000)	Note	HY 2018	HY 2017
<i>Interest income</i>	1	289.748	276.950
<i>Interest expenses</i>	2	53.090	57.803
<i>Net interest income</i>		236.658	219.147
<i>Fees and commission income</i>	3	69.368	66.417
<i>Fees and commission paid</i>		24.678	24.407
<i>Net interest and fee income</i>		281.348	261.157
<i>Market value adjustments</i>	4	804	-1.443
<i>Other operating income</i>	5	1.096	371
<i>Staff costs and administrative expenses</i>	6	138.627	116.833
<i>Amortisation, depreciation and impairment of intangible assets and property, plant and equipment</i>		1.922	978
<i>Impairment losses, loans and receivables, etc.</i>	7	80.656	-54.910
<i>Result in affiliated undertakings</i>		35.337	6.704
<i>Profit before tax</i>		97.380	203.888
<i>Tax</i>		13.231	43.485
<i>Profit for the year</i>		84.149	160.403
<i>Other comprehensive income after tax</i>		538	-6.280
<i>Total comprehensive income</i>		84.687	154.123

# Balance sheet

(DKK '000)	HY 2018	HY 2017	2017
<b>Assets</b>			
<i>Cash in hand and demand deposits with central banks</i>	14	37	3
<i>Receivables from credit institutions and central banks</i>	178.929	921.976	370.018
<i>Loans and other receivables at amortised cost</i>	4.945.145	4.195.851	4.693.926
<i>Investment securities</i>	3.677	3.153	3.403
<i>Investments in affiliated undertakings</i>	658.018	604.712	622.989
<i>Goodwill</i>	244.010	269.377	259.184
<i>Other intangible assets</i>	12.399	11.734	11.632
<i>Property, plant and equipment</i>	1.108	802	626
<i>Current tax assets</i>	18.550	0	3.516
<i>Deferred tax assets</i>	0	7.246	4.912
<i>Other assets</i>	42.684	67.656	38.505
<i>Prepayments</i>	111.823	80.989	91.945
<b>Total assets</b>	<b>6.216.357</b>	<b>6.163.533</b>	<b>6.100.659</b>

# Balance sheet

(DKK '000)	HY 2018	HY 2017	2017
<b>Liabilities and equity</b>			
<b>Amounts due</b>			
<i>Due to credit institutions and central banks</i>	4.121.809	4.218.041	4.110.854
<i>Current tax liabilities</i>	0	41.182	0
<i>Other liabilities</i>	104.416	108.553	112.253
<i>Deferred income</i>	113.328	108.172	119.754
<b>Total amounts due</b>	<b>4.339.553</b>	<b>4.475.948</b>	<b>4.342.861</b>
<b>Provisions for liabilities</b>			
<i>Provisions for deferred tax</i>	2.420	0	0
<b>Total provisions for liabilities</b>	<b>2.420</b>	<b>0</b>	<b>0</b>
<b>Subordinated debt</b>			
<i>Subordinated loans</i>	290.000	290.000	290.000
<b>Total subordinated debt</b>	<b>290.000</b>	<b>290.000</b>	<b>290.000</b>
<b>Equity</b>			
<i>Share capital</i>	239.500	221.162	221.162
<i>Share premium</i>	615.500	513.838	513.838
<i>Equity method reserve</i>	49.474	6.704	37.168
<i>Retained earnings or loss brought forward</i>	679.910	655.881	695.630
<b>Total equity</b>	<b>1.584.384</b>	<b>1.397.585</b>	<b>1.467.798</b>
<b>Total liabilities and equity</b>	<b>6.216.357</b>	<b>6.163.533</b>	<b>6.100.659</b>

## Other notes

<i>Contingent liabilities</i>	8
<i>Related parties</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	37.168	197.218	0	234.386
Other comprehensive income						
Translation of units outside Denmark	0	0	0	-10.051	0	-10.051
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10.051</b>	<b>0</b>	<b>-10.051</b>
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>37.168</b>	<b>187.167</b>	<b>0</b>	<b>224.335</b>
Transactions with the owners						
Dividends distributed	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0
<b>Equity, end of 2017</b>	<b>221.162</b>	<b>513.838</b>	<b>37.168</b>	<b>695.630</b>	<b>0</b>	<b>1.467.798</b>

(DKK '000)	Share capital	Share premium	Equity method reserve	Retained earnings	Proposed dividends	Total
Equity, beginning of 2018	221.162	513.838	37.168	695.630	0	1.467.798
Capital increase	18.338	101.662	0	0		120.000
Profit for the year	0	0	35.337	48.812	0	84.149
Correction Of Previous Years Results	0	0	-19.198	-68.903	0	-88.101
Other comprehensive income						
Translation of units outside Denmark	0	0	-3.833	4.371	0	538
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-3.833</b>	<b>4.371</b>	<b>0</b>	<b>538</b>
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>31.504</b>	<b>53.183</b>	<b>0</b>	<b>84.687</b>
Transactions with the owners						
Dividends distributed	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0
<b>Equity, end of June 2018</b>	<b>239.500</b>	<b>615.500</b>	<b>49.474</b>	<b>679.910</b>	<b>0</b>	<b>1.584.384</b>

The share capital amounts to DKK 239.500.000 distributed on shares of DKK 1.000 each or multiples thereof.

The share capital has been increased in January 2018 from an amount of DKK 221.162.000 into DKK 239.500.000.

# Notes to the financial statements

## **Basis of preparation**

The annual 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').

## **IFRS 9**

Changes have been made to the Danish IFRS-aligned accounting regulations based on the new IFRS 9 accounting standard, applicable from January 1st 2018.

The IFRS 9 accounting standard changes to a significant degree the applicable rules for classification and measurement of financial instruments as well as the current provisioning rules. Under IFRS 9 standard, the previous IAS39 provisioning model, which was based on incurred losses, is replaced by a provisioning model based on expected losses. The new expectation-based provisioning model implies that a financial asset will, at the time of booking, be provisioned with an amount equivalent to the expected credit loss in 12 months (stage 1). In case of a significant deterioration of the credit risk, the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset (stage 2). In case Objective Indication of Impairment is registered, the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset, but based on a higher probability of loss (stage 3).

Ekspres Bank has applied the IFRS 9 standard from 1st of January 2018.

## **Liquidity ratio**

In the Financial Highlights and the Supervisory Diamond, the benchmark for measuring the Liquidity ratio as an indicator for excess coverage relative to statutory requirements has been changed from June 2018 according to the new guidance from FSA, from the previous §152 liquidity ratio to the new benchmark for LCR. The ratio for the previous years is based on the old method. Therefore the ratio for HY 2018 cannot be compared with the ratios for previous years.

Besides from the changes due to IFRS9 and the change in the liquidity ratio, the accounting policies are consistent with those of last year.

For description of the accounting policies reference is made to page 26-28 in the Annual Report 2017.

# Notes to the financial statements

(DKK '000) HY 2018 HY 2017

## Financial highlights

Financial highlights are shown on page 15

### 1 Interest income

Loans and other receivables	286.568	276.950
Other interest income	3.180	0
<b>Total</b>	<b>289.748</b>	<b>276.950</b>

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.

Other interest income relates to refunds from tax authorities.

### 2 Interest expenses

Credit institutions and central banks	47.609	52.057
Reverse repo transactions with credit institutions and central banks	0	347
Derivatives, total	1.789	2.664
Thereof concerning:		
Interest-rate agreements	1.789	2.664
Subordinated loans	3.692	2.735
<b>Total</b>	<b>53.090</b>	<b>57.803</b>

### 3 Fees and commission income

Payment service fees	13.576	14.126
Other fees and commission income	55.792	52.291
<b>Total</b>	<b>69.368</b>	<b>66.417</b>

### 4 Market value adjustments

Derivatives	804	-1.443
<b>Total</b>	<b>804</b>	<b>-1.443</b>

# Notes to the financial statements

(DKK '000)	HY 2018	HY 2017
<b>5 Other operating income</b>		
<i>Income from VISA shares</i>	287	371
<i>Other income</i>	809	0
<i>Total</i>	1.096	371

## 6 Staff costs and administrative expenses

### **Staff costs and administrative expenses**

<i>Wages and salaries</i>	56.942	55.900
<i>Pension</i>	5.702	5.177
<i>Social security costs</i>	11.925	10.916
<i>Total</i>	74.569	71.993
<i>Other administrative expenses</i>	64.058	44.841
<i>Total staff costs and administrative expenses</i>	138.627	116.834

### **Loans to management**

<i>Executive Board</i>	0	0
<i>Board of Directors</i>	630	498
<i>Security for loans, etc.</i>	0	0
<i>Total</i>	630	498



# Notes to the financial statements

(DKK '000)	HY 2018	HY 2017
<b>7 Write-downs on loans and receivables</b>		
<i>Individual impairment losses during the year</i>	115.133	69.012
<i>Reversal of individual impairment losses recognised in previous years</i>	-46.044	-22.894
<i>Reversal of group impairment losses recognised in previous years</i>	0	-2.729
<i>Final loss on debt previously written down</i>	56.459	20.470
<i>Loss on debt not previously written down</i>	488	3.175
<i>Amounts received, previously written-off debt</i>	-43.928	-123.949
<i>Other movements</i>	-1.452	2.005
<b>Total</b>	<b>80.656</b>	<b>-54.910</b>

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

## 8 Contingent liabilities

<i>Unused credit and loan commitments</i>	540.744	389.519
<i>Other contingent liabilities</i>	5.433	8.912
<b>Total</b>	<b>546.177</b>	<b>398.431</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

(DKK '000)

HY 2018

## 9 Associated companies

### **Name and location**

*Ekspress Bank NUF*

<i>Oslo, Norway</i>	<i>Share in %</i>	100
	<i>Average number of employees</i>	8
	<i>Revenue *</i>	92.428
	<i>Profit before tax</i>	6.219
	<i>Tax</i>	1.443
	<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*

<i>Kista, Sweden</i>	<i>Share in %</i>	100
	<i>Average number of employees</i>	37
	<i>Revenue *</i>	148.518
	<i>Profit before tax</i>	45.754
	<i>Tax</i>	10.418
	<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 acquired May 31st 2017 and is a 100% subsidiary of Ekspres Bank.*