



**Interim report
2nd quarter 2017**

Highlights

- Continued strong growth in loans and profit
 - Net loans increased by NOK 635 million in Q2 2017 (+16 %) and NOK 2 176 million year over year (+93 %)
 - Profit before tax for the quarter at NOK 75.7 million compared to NOK 68.1 million last quarter (+11 %) and NOK 37.9 million (+ 100 %) for the same period last year
- Well-established in Finland. Net loans of NOK 493 million
- POS Finance project shows good progress. On track for launch in Q3
- Preparations for further geographical diversification and expansion started. Sweden in pole position. Timing to be concluded
- Successful issue of NOK 400 million in senior unsecured debt at NIBOR +155 bps
- Regulatory uncertainty reduced with most initiatives to counter over-indebtedness concluded in Q1 and Q2
- Co-operation with the Komplett Group reinforced
 - Trademark agreement prolonged and POS Finance agreement entered into on a five-year term with automatic one year renewals
- Sale of portfolio of defaulted loans with a book value before write-downs of NOK 340 million. Transfer and settlement will be in Q3 and the transaction will be recognized in the accounts for Q3 with estimated positive impact before taxes of NOK 39 million

Key figures

NOK 1000, unless otherwise specified	Q2 17	Q2 16	1H 2017	1H 2016	2016	2015
Net interest income	161 545	79 933	296 938	144 081	368 856	133 771
Growth, yoy	102 %	190 %	106 %	223 %	176 %	623 %
Pre-tax operating profit	75 696	37 867	143 751	60 597	173 624	18 871
Net profit	55 952	27 681	106 829	43 540	126 718	11 354
Profit growth, yoy	102 %	178 %	145 %	119 %	1016 %	na
Cost / Income (ex marketing)	21 %	23 %	20 %	25 %	20 %	38 %
Loans to customers, end date	4 718 438	2 412 979	4 718 438	2 412 979	3 412 725	1 619 558
Loan growth, yoy	96 %	155 %	96 %	47 %	111 %	265 %
ROE, annualised *)	29 %	30 %	29 %	24 %	27 %	5 %

*) ROE = 4 x Profit After Tax in the quarter / Monthly Average Equity

About Komplett Bank ASA

Komplett Bank ASA started operations in March 2014 when the company received its banking licence from the Norwegian authorities. Komplett Bank offers unsecured consumer and leisure financing to creditworthy individuals in Norway and Finland.

The main products are “*Fleksibelt Lån*”, a loan product with credit line functionality that gives the customer more flexibility in timing repayments and use of the credit line and “*Komplett Bank MasterCard*”, a credit card with

product features tailored for online shopping. The bank also offers attractive deposit rates on its savings accounts. As a member of the Norwegian Banks' Guarantee Fund, deposits of up to NOK 2 million are guaranteed.

Komplett Bank is mainly owned by Norwegian investors. Komplett AS, the leading web retailer in the Nordic countries, is the largest shareholder with 20 % ownership. The bank has a long term strategic cooperation with the Komplett Group.

The bank follows a growth strategy based on offering its products across the Nordic region and launched its loan product in Finland in Q1 2017. Preparations for further geographical diversification and expansion has started with Sweden in pole position as the next market.

Komplett Bank ASA is registered on the NOTC list (a Norwegian information system for unlisted shares) with ticker code KOMP and is planning for a listing on the Oslo Stock Exchange during 2017.

Financial figures

Komplett Bank has experienced strong growth in net loans, net interest income and profit during Q2, driven by strong demand for unsecured consumer loans and credit cards in Norway as well as the expansion into Finland. Operational cost increased due to growth in business volumes, particularly related to the build-up of volumes in Finland, and development of POS Finance as a new business area as well as preparations for the next market entry.

Total assets amounted to NOK 5 167 million. Net loans to customers amounted to NOK 4 524 million, while deposits from customers amounted to NOK 4 135 million. Total equity amounted to NOK 785 million. Total capital ratio was 20.9 % and CET1 ratio was 18.3 %. Bank deposits and liquid securities amounted to NOK 537.7 million and corresponded to 10.4 % of total assets.

Profit after tax for Q2 amounted to NOK 56.0 million. Net interest income amounted to NOK 161.6 million (NOK 79.9 million for the Q2 2016), while net commissions and fees amounted to NOK 10.2 million (NOK 4.7 million). Gross defaulted loans at the end of the Q2 amounted to NOK 420.7 million (NOK 131.5 million) while losses on loans amounted to NOK 38.7 million (NOK 17.2 million). Accumulated loan impairment amounted to NOK 194.1 million (NOK 66.7 million).

Profit after tax for the first half of 2017 amounted to NOK 106.8 million. Net interest income amounted to NOK 296.9 million, while net commissions and fees amounted to NOK 20.8 million. Losses on loans amounted to NOK 71.3 million.

Outlook

The bank expects continued solid growth in lending volumes and profit and increases the guiding for full-year net loan growth to the higher end of previous guiding at NOK 2.2-2.4 billion (from NOK 1.8-2.4 billion previously) with net loans at the end of 2017 expected at NOK 5.5-5.7 billion.¹

Several regulatory initiatives with significance to consumer lending in Norway have recently been introduced, mainly targeting over-indebtedness. Uncertainty related to scope and details of these regulatory initiatives is reduced as final wording of most of these has been concluded in Q1 and Q2. To the extent the initiatives succeed in countering over-indebtedness, Komplett Bank welcomes and support the initiatives. Komplett Bank believes this will help create a sound and sustainable business environment for the industry. Following the new regulation, total growth for consumer lending in Norway is expected to decline somewhat from relatively high levels. However, the bank expects to continue to increase its market share and to attract sustainable growth. The bank will continue focusing on creating customer value through flexible solutions and efficient and customer friendly processes and to diversify its business geographically and product wise.

Komplett Bank follows a 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 the bank is in a good position to meet the

¹ Effects of sold portfolios not included.

competition within the consumer finance industry as well as the proposed new regulation related to the industry in Norway. The successful launch of the bank's first unsecured senior funding of NOK 400 million at the end of Q2 with settlement in Q3 will contribute to diversify the bank's funding sources as well as be a significant contributor to the bank's further growth.

In Q2, Komplett Bank entered into an agreement to sell a portfolio of Norwegian non-performing loans with an estimated book value before write-downs of NOK 340 million. The transaction will reduce booked loan losses and is estimated to impact net earnings before taxes positively by NOK 39 million. Transfer and settlement will be in Q3 and the transaction will be recognized in the accounts for Q3. The transaction reduces uncertainty regarding the recovery of outstanding claims and underpins the valuation of impaired loans going forward. Further, it improves capital ratios by approximately 1.8 % giving support for the bank's growth strategy.

Operations in Finland started in Q1 2017. The launch has strengthened the bank's platform for growth and diversification. Experiences from the launch in Finland will be factored into the evaluation of scope and timing of further deployment of the strategic roadmap for geographical diversification and expansion. Preparations for the next market has commenced with Sweden as the prime candidate.

The agreement with Komplett Group that allows Komplett Bank to make use of the "Komplett"

trademark and corresponding IP-rights is prolonged from originally 2018 to a five-year term with automatic one year renewals until one of the parties terminate the agreement. The extension of this agreement is done to match the term of a new commercial agreement entered into by the two companies regarding payments and distribution of point-of-sales finance products.

To realise continued profitability and long term growth the strategy to diversify and expand geographical and product wise footprint continues. The main areas of strategic focus going forward are:

- Building loan volumes Finland
- Continued sustainable growth in Norway
- POS Finance business to be developed
- Preparations for further geographical diversification and expansion, with Sweden in pole position

In the near to medium term, growth will be given priority over dividends

Other information

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

Bærum, 15 August 2017

Board of Directors, Komplett Bank ASA

Condensed consolidated interim statement of profit and loss

Amounts in NOK 1000	Note	Q2 2017	Q2 2016	1H 2017	1H 2016	2016	2015
Interest income	2	182 390	93 115	336 020	167 373	421 897	160 972
Interest expenses		20 845	13 181	39 082	23 292	53 041	27 201
Net interest income		161 545	79 933	296 938	144 081	368 856	133 771
Income commissions and fees		20 829	10 695	39 130	17 018	46 507	12 324
Expenses commissions and fees		10 644	6 044	18 340	12 520	28 881	10 132
Net commissions and fees		10 184	4 651	20 791	4 497	17 625	2 193
Net gains / losses (-) on certificates, bonds and currency		-101	541	179	622	1 442	-2 134
Salary and other personnel expenses		17 244	10 204	30 232	19 751	44 080	29 997
Other administrative expenses, of which:		30 426	15 077	56 239	29 300	65 083	40 392
<i>Direct marketing cost</i>		20 544	10 806	40 622	20 641	49 498	30 289
Total salary and administrative expenses		47 670	25 281	86 471	49 051	109 164	70 389
Ordinary depreciation		3 126	1 709	5 337	3 283	6 336	4 726
Other expenses		6 388	3 067	11 053	5 568	13 057	7 094
Total operating expenses		57 184	30 057	102 861	57 901	128 557	82 209
Losses on loans	2	38 749	17 201	71 295	30 702	85 742	32 750
Pre-tax operating profit		75 696	37 867	143 751	60 597	173 624	18 871
Tax expenses		19 744	10 186	36 922	17 057	46 906	7 517
Profit after tax		55 952	27 681	106 829	43 540	126 718	11 354

Condensed statement of financial position

Amounts in NOK 1000	Note	30.06.2017	31.12.2016	30.06.2016
Assets				
Loans and deposits with credit institutions		252 905	498 787	331 839
Loans to customers	2	4 718 438	3 412 725	2 412 979
-Loan impairment	2	-194 130	-120 577	-66 691
Net loans to customers	2	4 524 308	3 292 148	2 346 288
Certificates and bonds		284 752	309 535	309 181
Other intangible assets		39 718	26 023	24 340
Deferred tax asset		-	17	-
Fixed assets		692	550	512
Other receivables, of which:		65 106	48 795	42 117
<i>Prepaid agent commission</i>		52 849	48 032	41 400
Total assets		5 167 481	4 175 856	3 054 277
Liability and equity				
Deposits from and debt to customers		4 134 533	3 312 991	2 507 732
Other debt, of which:		63 170	41 708	42 146
<i>Deferred revenue (establishment fees)</i>		23 603	18 177	14 226
Subordinated loan and hybrid securities		109 212	109 102	108 992
Tax payable		76 047	39 125	11 183
Total liabilities		4 382 962	3 502 926	2 670 052
Share capital	3	148 369	148 369	135 530
Share premium	3	392 645	392 645	205 830
Other paid-in equity	3	29 671	24 912	19 039
Retained earnings	3	213 834	107 005	23 827
Total equity		784 519	672 932	384 225
Total liabilities and equity		5 167 481	4 175 856	3 054 277

Bærum, 15 August 2017

Board of Directors, Komplet Bank ASA

Notes

Note 1 - General accounting principles

The interim report is prepared in accordance with the accounting principles in the annual report for 2016. All numbers are in NOK 1000 unless otherwise specified.

Note 2 – Loans to customers

Amounts in NOK 1000	30.06.2017	31.12.2016	30.06.2016
Loans to private customers	4 718 438	3 412 725	2 412 979
Impairment of loans	194 130	120 577	66 691
Net loans to customers	4 524 308	3 292 148	2 346 288

Loans - Defaults and losses

Amounts in NOK 1000	30.06.2017	31.12.2016	30.06.2016
Gross defaulted loans	420 703	241 491	131 450
Individual impairment of loans	183 130	104 277	55 591
Other impairments of loans	11 000	16 300	11 100
Net defaulted loans	226 574	120 914	64 759

100 % of loans are to private individuals. Impairment is calculated based on actual observations of the loan portfolio and expectations of future cash flow. In Q2, Komplet Bank entered into an agreement to sell a portfolio of Norwegian non-performing loans with an estimated book value before write-downs of NOK 340 million. Transfer and settlement will be in Q3 and the transaction will be recognized in the accounts for Q3.

Note 3 – Regulatory capital

Amounts in NOK 1000	30.06.2017	31.12.2016	30.06.2016
Share capital	148 369	148 369	135 530
Share premium	392 645	392 645	205 830
Other equity	243 505	131 917	42 865
Deductions:			
Deferred tax asset / intangible assets / other deductions	-39 718	-26 024	-24 340
Common equity tier 1	744 801	646 907	359 885
Hybrid capital	44 678	44 633	44 588
Core capital	789 478	691 540	404 473
Supplemental capital	64 534	64 469	64 404
Total capital	854 012	756 009	468 877
Calculation basis - amounts in NOK 1000	30.06.2017	31.12.2016	30.06.2016
Loans and deposits with credit institutions (20 %)	50 581	99 757	66 368
Loans to customers (75 %)	3 223 301	2 438 630	1 711 147
Certificates and bonds (10 % and 0 %)	20 482	25 955	27 411
Defaulted loans (100 %)	226 574	120 914	64 759
Other assets (100%)	65 798	49 345	42 629
Calculation basis credit risk	3 586 735	2 734 601	1 912 314
Calculation basis operational risk	489 792	489 792	254 933
Total calculation basis	4 076 527	3 224 393	2 167 247
Common equity tier 1 (%)	18.3%	20.1 %	16.6 %
Core capital (%)	19.4%	21.5 %	18.7 %
Total capital (%)	20.9%	23.5 %	21.6 %



Til Styret i Komplett Bank ASA

Uttalelse vedrørende forenklet revisorkontroll av delårsregnskap

Innledning

Vi har foretatt en forenklet revisorkontroll av vedlagte balanse for Komplett Bank ASA pr. 30. juni 2017 og tilhørende resultatregnskap for seksmånedersperiode avsluttet denne dato. Ledelsen er ansvarlig for utarbeidelsen og fremstillingen av delårsregnskapet i samsvar med prinsipper som beskrevet i note 1. Vår oppgave er å avgi en uttalelse om delårsregnskapet basert på vår forenklete revisorkontroll.

Omfanget av den forenklete revisorkontrollen

Vi har utført vår forenklete revisorkontroll i samsvar med ISRE 2410 "Forenklet revisorkontroll av et delårsregnskap, utført av foretakets valgte revisor". En forenklet revisorkontroll av delårsregnskapet består i å rette forespørsler, primært til personer med ansvar for økonomi og regnskap, og å gjennomføre analytiske og andre kontrollhandlinger. En forenklet revisorkontroll har et betydelig mindre omfang enn en revisjon utført i samsvar med revisjonsstandarder fastsatt av Den norske Revisorforening, og gjør oss følgelig ikke i stand til å oppnå sikkerhet om at vi er blitt oppmerksomme på alle vesentlige forhold som kunne ha blitt avdekket i en revisjon. Vi avgir derfor ikke revisjonsberetning.

Konklusjon

Vi har ved vår forenklete revisorkontroll ikke blitt oppmerksomme på noe som gir oss grunn til å tro at den vedlagte delårsregnskapet i det alt vesentlige ikke er utarbeidet i samsvar med prinsipper som beskrevet i note 1.

Oslo, 15. august 2017
PricewaterhouseCoopers AS

Bjørn Rydland
Statsautorisert revisor