

**Interim report  
3rd quarter 2017**

## Highlights

- Continued strong growth in loans and profit
  - Net loans increased by NOK 386 million in Q3 2017 (+9 %) and NOK 1 995 million year over year (+68 %)
  - Profit before tax for Q3 2017 at NOK 122.9 million compared to NOK 75.7 million last quarter (+62 %) and NOK 53.5 million (+ 129 %) for the same period last year
  - Adjusted for effects of sold non-performing loans (NPL) portfolio, the increase for net loans in the quarter was NOK 595 million with profit before tax for the quarter at NOK 84 million
- Guiding increased to NOK 5.4-5.6 billion in net loans at year end 2017 (previous guiding NOK 5.3-5.5 billion<sup>1</sup>). For 2018 the bank expects existing business lines in Norway and Finland in sum to grow in line with full year 2017, while new business initiatives, including Point-of-sales (POS) Finance, are expected to constitute 1/3 of total growth.
- Diversification and expansion continues
  - Loan Finland growth YTD at NOK 745 million, corresponding to about half of the total growth
  - POS Finance launched in Q3 2017 in Norway. To be launched in Sweden and Finland in 2018
  - Loans to be launched in Sweden in Q1 2018
  - Credit cards to be launched in Sweden and Finland in H2 2018
- Successful issue of NOK 400 million in senior unsecured debt at NIBOR +155 bps<sup>2</sup>. The issue diversifies the bank's funding sources and supports growth
- Sale of NPL portfolio with positive effect on profit before tax at NOK 39.0 million<sup>2</sup>. The transaction eliminates further risk of losses on these loans, underpins the valuation of impaired loans going forward and supports the bank's growth strategy
- The bank intends to apply for a listing of its shares on Oslo Stock Exchange in 2017. In relation to the listing the bank is considering a share issue in the level of NOK 400-500 million and in addition an over-allotment option in line with market practice. Final decisions on actual size of the potential share issue will be made at a later date in consultation with the managers to the IPO.

## Key figures

NOK 1000, unless otherwise specified	Q3 17	Q3 16	YTD 2017	YTD 2016	2016	2015
<b>Net interest income</b>	<b>173 520</b>	<b>101 291</b>	<b>470 458</b>	<b>245 372</b>	<b>368 856</b>	<b>133 771</b>
Growth, yoy	71 %	173 %	92 %	200 %	176 %	623 %
<b>Pre-tax operating profit</b>	<b>122 940</b>	<b>53 537</b>	<b>266 691</b>	<b>114 133</b>	<b>173 624</b>	<b>18 871</b>
<b>Profit after tax</b>	<b>91 396</b>	<b>39 414</b>	<b>198 266</b>	<b>82 953</b>	<b>126 718</b>	<b>11 354</b>
Profit growth, yoy	132 %	814 %	139 %	5792 %	1016 %	na
Cost / Income (ex marketing)	22 %	18 %	20 %	22 %	20 %	38 %
<b>Loans to customers, end date</b>	<b>5 000 473</b>	<b>3 006 098</b>	<b>5 000 473</b>	<b>3 006 098</b>	<b>3 412 725</b>	<b>1 619 558</b>
Loan growth, yoy	66 %	134 %	66 %	134 %	111 %	265 %
<b>ROE, annualised *)</b>	<b>44 %</b>	<b>33 %</b>	<b>32 %</b>	<b>28 %</b>	<b>27 %</b>	<b>5 %</b>

\*) ROE = Profit After Tax / Monthly Average Equity

<sup>1</sup> Numbers restated/adjusted for effects of sold portfolio

<sup>2</sup> Deal agreed in Q2 2017, settled and booked in Q3 2017

## 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 focuses on offering convenient consumer financing products.

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 has recently introduced POS Finance products, while also offering a deposit product with attractive interest rates. 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 geographical and product-wise diversification and expansion. It builds on a digital, scalable, efficient and low cost operational model with strong risk control. It operates its business cross-border from its offices in Lysaker, Oslo. Its Norwegian banking license gives access to passporting the bank’s offering throughout the EEA. The bank focuses for the near to medium term on the Nordic region and launched its loan product in Finland in Q1 2017. The bank launched credit cards in Norway in 2015 and POS Finance products in Norway in Q3 2017. Further diversification and expansion is planned through 2018 with launch of loans in Sweden in Q1 as well as POS Finance and credit cards in Sweden and Finland during 2018.

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 Q3, driven by continued strong demand for unsecured consumer loans and credit cards in Norway as well as Finland. The bank has in Q3 booked a sale of a NPL portfolio which has reduced net lending in the quarter by NOK 209 million to a quarterly growth of NOK 386 million and increased profit before tax with NOK 39 million to a profit before tax for the quarter at NOK 123 million. Net commissions and fees was reduced by NOK 3.6 million from Q2. This relates to one-offs connected to the sale of the NPL portfolio at a negative NOK 9 million offset by growth in commissions and fee income from increased business volumes.

Operating costs increased by 7% from last quarter, which is 2%-points less than growth in net loans, and 6%-points less than growth adjusted for sold portfolio.

Total assets amounted to NOK 5 845 million. Net loans to customers amounted to NOK 4 911 million, while deposits from customers amounted to NOK 4 291 million. Total equity amounted to NOK 879 million. Total capital ratio was 21.4 % and CET1 ratio was 18.9 %. The bank targets a CET1 ratio above

17%. Bank deposits and liquid securities amounted to NOK 812.6 million and corresponded to 13.9 % of total assets.

Profit after tax for Q3 amounted to NOK 91.4 million. Net interest income amounted to NOK 173.5 million (NOK 101.3 million for Q3 2016), while net commissions and fees amounted to NOK 6.6 million (NOK 6.6 million). Gross defaulted loans at the end of Q3 amounted to NOK 223.2 million (NOK 170.7 million) while losses on loans amounted to NOK -3.2 million (NOK 23.0 million). Accumulated loan impairment amounted to NOK 89.7 million (NOK 89.9 million).

Profit after tax for the nine months of 2017 amounted to NOK 198.2 million. Net interest income amounted to NOK 470.5 million, while net commissions and fees amounted to NOK 27.4 million. Losses on loans amounted to NOK 68.1 million.

## Outlook

Komplett Bank expects continued strong growth in lending volumes and increases the guiding for net loan growth for 2017 to NOK 2.1-2.3 billion (from

NOK 2.0-2.2 billion previously)<sup>3</sup> with net loans at the end of 2017 expected at NOK 5.4-5.6 billion. For 2018 the bank expects existing business lines in Norway and Finland in sum to grow in line with the full year 2017, while new business initiatives, hereunder POS Finance, are expected to constitute 1/3 of total growth. The bank will during 2018 develop its strategic roadmap further and decide on strategies and direction for geographical and product-wise expansion.

Actual growth and financial performance as well as the mix between geographies and/or products depend on uncertain factors, including but not limited to market conditions, regulatory environment, project execution and competitors' actions.

Komplett Bank expects new regulation, hereunder the newly adopted NFSA guidelines on unsecured credit, to dampen total market growth for consumer lending in Norway from relatively high levels. While adapting to new regulation, the bank will continue to focus on creating customer value through flexible solutions and efficient and customer friendly processes while continuing to diversify its business geographically and product wise. Komplett Bank believes it is well-positioned to continue to increase its market share and to attract sustainable growth. Due to its strategy for growth through diversification and expansion, the bank will become increasingly less reliant upon growth in 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.

In Q3 the bank has settled and booked its first unsecured senior funding of NOK 400 million at NIBOR +155 bps. The issue diversifies the bank's funding sources and supports growth. In Q3 the bank also settled and booked a sale of NPL-portfolio with positive effect on profit before tax at NOK 39.0 million. The transaction eliminates further risk of losses on these loans, underpins the valuation of impaired loans and supports the bank's growth strategy.

The bank has started preparations to adapt its accounts to IFRS 9 on Financial Instruments. The adoption of IFRS 9 may have an impact on the bank's financial statements, and, in particular, on provisions for impairments of loans and requirements for recognition and measurement of financial instruments.

IFRS 9 will enter into effect from Q1 2018 for listed companies and from Q1 2019 for unlisted companies. The Basel Committee and the EU Commission has proposed that the effects of the adoption of IFRS 9 on banks' regulatory capital shall be gradually implemented over 5 years.

Preliminary calculations for Komplett Bank indicates increased provisions for impairment of loans in the range of NOK 50 million to NOK 150 million. For capital planning purposes, the bank applies NOK 100 million IFRS 9 effect on implementation and assumes no gradual implementation for regulatory capital purposes. The calculation relies on a number of uncertain factors, hereunder modelling assumptions, and further calibration of models will be made before the standard comes into effect for the bank. The bank's sale of NPL-portfolio on favourable terms has reduced uncertainty related to actual loss levels and contributes to reduced expected losses.

The bank started offering loans in Finland in Q1. The operation has developed satisfactorily and has strengthened the bank's platform for growth and diversification. Komplett Bank expects loans in Finland to continue to grow significantly going forward. In Q3, the bank launched its first POS Finance products in Norway in co-operation with Komplett Group. The payment solution and finance products will gradually be available on check outs at Komplett Group's web-stores, including for partners at its newly launched Marketplace. The bank expects volumes from POS Finance to gradually build up during 2018 and onwards.

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 for 2018 are:

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<sup>3</sup> Numbers adjusted for effects of sold portfolio.

- Continued volume growth in Finland, including “full year effect”
- Continued sustainable growth in Norway
- Launch Loans in Sweden in Q1
- Launch Cards in Sweden and Finland in H2
- Scale-up POS Finance business – expand into Sweden and Finland
- Preparations for further capitalization on strategic and operational platform – strategies and direction for new products and new geographies

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

The bank intends to apply for a listing of its shares on Oslo Stock Exchange in 2017. In relation to the listing, the bank is considering a share issue in the level of NOK 400-500 million and in addition an over-allotment option in line with market practice. Final decisions on actual size of the potential share issue will be made at a later date in consultation with the managers to the IPO.

### Other information

The accounting profit for Q3 has in its entirety been booked against retained earnings. This interim report has been reviewed in accordance with ISRE 2410 (International Standard on Review Engagement). The review report is enclosed to this report.

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Bærum, 11 October 2017

Board of Directors, Komplett Bank ASA

## Condensed consolidated interim statement of profit and loss

Amounts in NOK 1000	Note	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016
Interest income	2	199 583	115 279	535 603	282 652	421 897
Interest expenses		26 063	13 988	65 145	37 280	53 041
<b>Net interest income</b>		<b>173 520</b>	<b>101 291</b>	<b>470 458</b>	<b>245 372</b>	<b>368 856</b>
Income commissions and fees		24 232	13 607	63 362	30 624	46 507
Expenses commissions and fees		17 671	6 990	36 011	19 510	28 881
<b>Net commissions and fees</b>		<b>6 561</b>	<b>6 617</b>	<b>27 352</b>	<b>11 114</b>	<b>17 625</b>
<b>Net gains / losses (-) on certificates, bonds and currency</b>		<b>92</b>	<b>405</b>	<b>271</b>	<b>1 026</b>	<b>1 442</b>
Salary and other personnel expenses		19 253	11 031	49 485	30 782	44 080
Other administrative expenses, of which:		31 212	15 969	87 451	45 269	65 083
<i>Direct marketing cost</i>		20 953	12 525	61 575	33 166	49 498
<b>Total salary and administrative expenses</b>		<b>50 466</b>	<b>27 000</b>	<b>136 937</b>	<b>76 051</b>	<b>109 164</b>
Ordinary depreciation		3 983	1 843	9 319	5 125	6 336
Other expenses		5 983	2 953	17 036	8 520	13 057
<b>Total operating expenses</b>		<b>60 431</b>	<b>31 796</b>	<b>163 292</b>	<b>89 697</b>	<b>128 557</b>
Losses on loans	2	-3 197	22 980	68 097	53 682	85 742
<b>Pre-tax operating profit</b>		<b>122 940</b>	<b>53 537</b>	<b>266 691</b>	<b>114 133</b>	<b>173 624</b>
Tax expenses		31 543	14 123	68 465	31 180	46 906
<b>Profit after tax</b>		<b>91 396</b>	<b>39 414</b>	<b>198 226</b>	<b>82 953</b>	<b>126 718</b>

## Condensed statement of financial position

Amounts in NOK 1000	Note	30.09.2017	31.12.2016	30.09.2016
<b>Assets</b>				
Loans and deposits with credit institutions		442 368	498 787	244 759
Loans to customers	2	5 000 473	3 412 725	3 006 098
-Loan impairment	2	-89 713	-120 577	-89 877
<b>Net loans to customers</b>	<b>2</b>	<b>4 910 760</b>	<b>3 292 148</b>	<b>2 916 221</b>
Certificates and bonds		370 244	309 535	319 413
Other intangible assets		48 343	26 023	24 712
Deferred tax asset		-	17	-
Fixed assets		735	550	506
Other receivables, of which:		73 050	48 795	45 308
<i>Prepaid agent commission</i>		<i>59 862</i>	<i>48 032</i>	<i>42 915</i>
<b>Total assets</b>		<b>5 845 499</b>	<b>4 175 856</b>	<b>3 550 920</b>
<b>Liability and equity</b>				
Deposits from and debt to customers		4 290 622	3 312 991	2 751 975
Debt securities issued		399 125	-	-
Other debt, of which:		59 747	41 708	41 402
<i>Deferred revenue (establishment fees)</i>		<i>24 414</i>	<i>18 177</i>	<i>16 843</i>
Subordinated loan and hybrid securities		109 267	109 102	109 047
Tax payable		107 590	39 125	22 922
<b>Total liabilities</b>		<b>4 966 351</b>	<b>3 502 926</b>	<b>2 925 345</b>
Share capital	3	148 369	148 369	148 369
Share premium	3	392 645	392 645	391 972
Other paid-in equity	3	32 904	24 912	21 994
Retained earnings	3	305 231	107 005	63 241
<b>Total equity</b>		<b>879 148</b>	<b>672 932</b>	<b>625 576</b>
<b>Total liabilities and equity</b>		<b>5 845 499</b>	<b>4 175 856</b>	<b>3 550 920</b>

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Bærum, 11 October 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	30.09.2017	31.12.2016	30.09.2016
Loans to private customers	5 000 473	3 412 725	3 006 098
Impairment of loans	89 713	120 577	89 877
<b>Net loans to customers</b>	<b>4 910 760</b>	<b>3 292 148</b>	<b>2 916 221</b>

### Loans - Defaults and losses

Amounts in NOK 1000	30.09.2017	31.12.2016	30.09.2016
Gross defaulted loans	223 197	241 491	170 731
Individual impairment of loans	78 713	104 277	72 900
Other impairments of loans	11 000	16 300	16 977
<b>Net defaulted loans</b>	<b>133 483</b>	<b>120 914</b>	<b>80 854</b>

### Note 3 – Regulatory capital

Amounts in NOK 1000	30.09.2017	31.12.2016	30.09.2016
Share capital	148 369	148 369	148 369
Share premium	392 645	392 645	391 972
Other equity	338 135	131 917	85 235
<b>Deductions:</b>			
Deferred tax asset / intangible assets / other deductions	-48 343	-26 024	-24 712
<b>Common equity tier 1</b>	<b>830 806</b>	<b>646 907</b>	<b>600 864</b>
Hybrid capital	44 700	44 633	44 610
<b>Core capital</b>	<b>875 506</b>	<b>691 540</b>	<b>645 474</b>
Supplemental capital	64 567	64 469	64 437
<b>Total capital</b>	<b>940 072</b>	<b>756 009</b>	<b>709 911</b>

Calculation basis - amounts in NOK 1000	30.09.2017	31.12.2016	30.09.2016
Loans and deposits with credit institutions (20 %)	88 474	99 757	48 952
Loans to customers (75 %)	3 582 957	2 378 426	2 126 525
Certificates and bonds (10 % and 0 %)	28 031	25 955	27 442
Defaulted loans (100 %)	133 483	120 914	80 854
Other assets (100%)	73 785	49 345	45 814
<b>Calculation basis credit risk</b>	<b>3 906 730</b>	<b>2 674 397</b>	<b>2 329 587</b>
Calculation basis operational risk	489 792	489 792	254 933
<b>Total calculation basis</b>	<b>4 396 522</b>	<b>3 164 189</b>	<b>2 584 519</b>

LCR (Liquidity Coverage Ratio) 217% and NSFR (Net stable funding ratio) 146% as of 30.09.2017





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. september 2017 og tilhørende resultatregnskap for nımånedersperioden 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, 12. oktober 2017

**PricewaterhouseCoopers AS**

Bjørn Rydland  
Statsautorisert revisor