ANNUAL REPORT 2016

Ekspres Bank

Ekspres Bank A/S • Oldenburg Allé 3 • DK-2630 Taastrup • CVR No. 16 91 79 31

Content

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
John Poulsen
CEO

Auditors
Deloitte

Statement by the Management

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report of Ekspres Bank A/S for 2016. 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 31 December 2016 as well as the result of operations for the period 1 January – 31 December 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, the 22 February 2017

EXECUTIVE BOARD

John Poulsen
CEO

BOARD OF DIRECTORS

Benoit Cavelier *Chairman*	Veronique Berthout
Marc Feltesse	Pierre de Fontenay
Michael Ravbjerg Lundgaard	Niels Egede Olsen
Nicki Reinhold Byel	Marion Lorenzen

Independent Auditor's Report

To the Shareholders of Ekspres Bank A/S

Opinion

We have audited the financial statements of Ekspres Bank A/S for the financial year 01.01.2016 - 31.12.2016, page 18-38, which comprise the financial highlights, income statement, balance sheet, statement of changes in equity, comprehensive income and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Business Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

Independent Auditor's Report

Auditor's responsibility for the audit of the financial statements (continued)

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards..

Statement on management's review

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 22 February 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Jens Ringbæk
State-Authorised
Public Accountant

Jacob Brinch
State-Authorised
Public Accountant

Board of Directors

Board of Directors

Benoit Cavelier
Chairman of the Board of Directors

Pierre de Fontenay
Board Director

Veronique Berthout
Board Director

Marc Feltesse
Board Director

Michael Ravbjerg Lundgaard
Independent Board Director

Marion Lorenzen
Employee Representative

Niels Egede Olsen
Employee Representative

Nicki Reinhold Byel
Employee Representative

Executive Board

John Poulsen
CEO

Board of Directors

Benoit Cavelier (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 og the Supervisory Board – Commerz Finanz
Member og the Supervisory Board – Von Essen Bank GmbH
Chariman of the Board – Alpha Credit
Board Director – Creation Comsumer Finance Limited
Board Director – Creation Financial Services Limited

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

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

Marc Feltesse
Board Director – Ekspres Bank
Head of Plan Steering and Transformation
Chairman Board VEB
Chairman Board Effico

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

Employee Representatives

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

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

Nicki Reinhold Byel
Board Director – Ekspres Bank

Executive Board

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

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 entered the Norwegian market in 2008. 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.

High Customer Satisfaction

Rating level was 5,29 out if 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 140 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 costumers' 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

57% Female employees

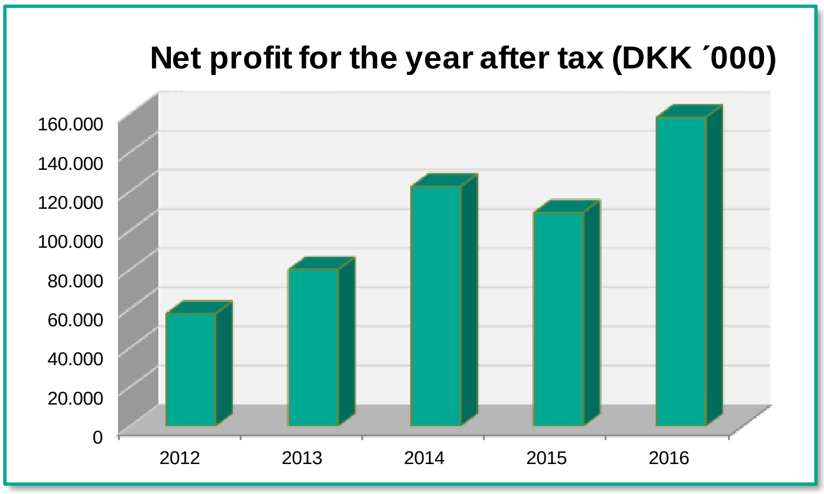
43% Male employees

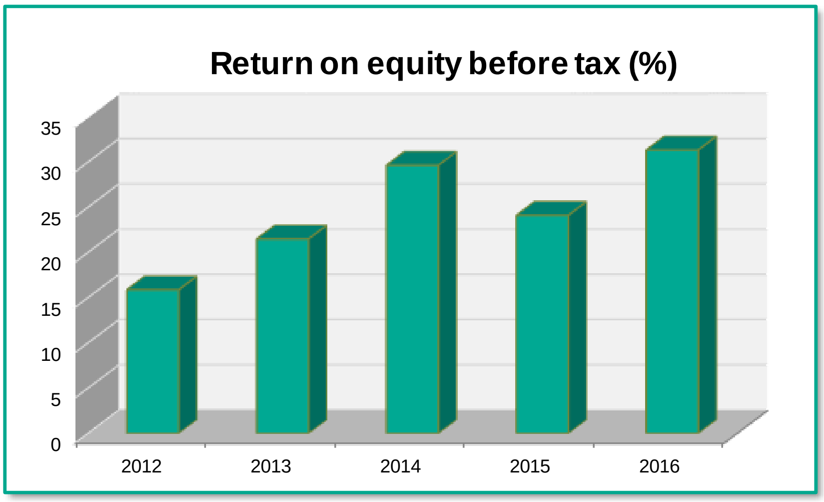
> 40 years 44,3%

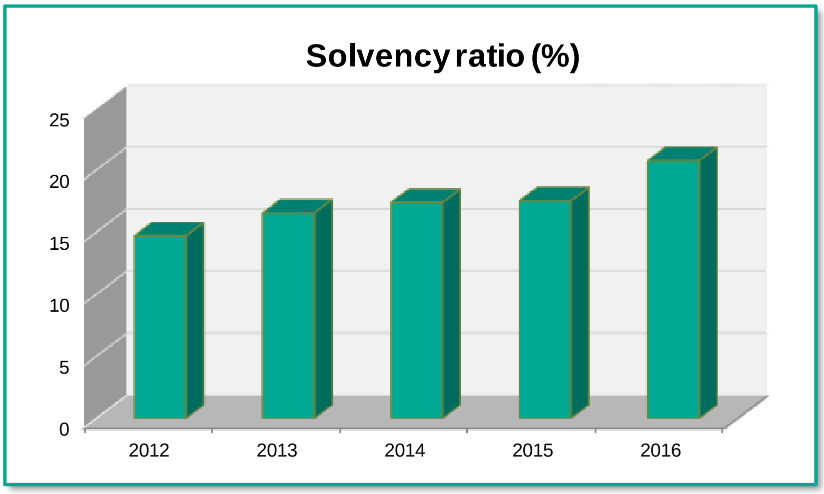
25 - 40 years 43,7%

< 25 years 12,0%

Highlights of 2016







Risk factors

The bank's strategy is to offer a competitive full range of financial products and services, designed to meet the customers' needs, thus improving customer satisfaction and loyalty for a long-term business growth and profitability. The bank's core business consists of providing unsecured loans and credit facilities to customers. In order to support the business model a number of policies have been defined as part of the risk assessment process; policies considered to be in line with industry standards of the Nordic financial market.

Financial risks and policies

The bank's exposure to a wide range of financial risks is managed at different levels in the company. The bank's financial risks include credit risk, market risk and liquidity risk, respectively:

Credit risk

The bank's primary risk is the credit area. The maximum loan amount granted to private individuals is DKK 500.000. In order to mitigate risk resulting from the exposure within the credit area, the bank executes on a defined strategy of operating geographically and demographically diversified loan portfolio in the Nordic countries and furthermore the average loan size per debtor is limited.

The bank has well-documented policies and procedures for handling its segmented loan portfolio. This means that the bank performs a systematic monitoring of the loan portfolio at all stages. Furthermore, the bank performs an automated credit scoring of all new loans based on historical performance and the information received from its customers and from digital solutions with public authorities and registers with the customer's approval.

The bank applies an effective internal control system on all delinquent accounts. The bank continuously adjusts its credit scoring setup and approval conditions in order to adapt to the underlying trends of the current economic climate.

If a loan enters into arrears, it will go through a well-defined debt collection process performed by the bank's internal collection department. Impairment losses on loans are applied systemically when there is objective indication of impairment (OEI) i.e. an event or more events which may lead to losses due to customers' inability to pay or unwillingness to do so. Non-performing loans and distressed loans are individually impaired, and the recoverable amounts are calculated based on individual assessments where customers' ability to pay or unwillingness to do so has been evaluated given a collective statistical method.

At any time and in accordance with the existing credit policies, guidelines and procedures, reports on the portfolio segmentation of the bank are regularly prepared for local committees, with the participation of the bank's Management. Moreover, monthly reports are prepared for the Corporate Risk Department and a separate reporting is performed and presented during scheduled Board meetings.

Market risk

The bank's market risk is related to interest-rate risks and currency risks.

Market risk; Interest-rate risk

Initially, the bank's interest-rate risk derives from the difference between interest terms and loan terms on the bank's loan portfolio in relation to funding. The bank's policy is to match the funding interest and loan interest in order to mitigate the interest-rate risk. Ekspres Bank tries, as far as possible, to hedge its portfolio by means of derivative financial instruments.

Market risk; Currency risk

With the aim of reducing exchange-rate risks to the lowest possible level, it is the bank's policy to obtain funding in the same currency as loans. Thus, the bank is exposed to no or very limited exchange-rate risks.

Risk factors

Liquidity risk
Since the bank is exclusively funded by the parent company with whom Ekspres Bank has sufficient credit line agreements - for both the Danish market and the Norwegian market - the liquidity risk is limited.

The bank's liquidity position is continuously monitored to ensure that the bank meets its payment obligations at all times.

If liquidity drops below the established limits of the excess liquidity coverage, the necessary actions will be initiated immediately in order to restore the agreed excess liquidity coverage ratio.

Necessary measures are prioritized as follows:
- Increase in current credit lines
- Establishment of more irrevocable money market lines

At least once a year, the Board of Directors reviews the bank's liquidity policy and performs all necessary adjustments on the recommendation of the Executive Board.

Operational risk
Operational risk is the risk of loss due to inadequate or incomplete internal processes, human errors or actions, system faults and external events, including legal risks. Operational risk and, hence, potential losses can be minimized, but not eliminated, and the bank's operational risk must be minimized and closely monitored.

Ekspres Bank considers the following elements as operational incidents: Losses due to financial risks; risks related to the staff function and management; risks related to outsourcing arrangements with external suppliers and insufficient insurance coverage.

The bank's policy regarding operational risks details the risk profile with the aim of the bank's business model to the benefit of the business.

Operational incidents and losses are registered and reported monthly based on a materiality concept. The Board of Directors reviews this policy, at least once a year, performing the necessary adjustments on the recommendation of the Executive Board.

IT security
Ekspres Bank operates on a high standard of IT security to ensure that the bank is reliable, trustworthy and respectable. Emergency plans for the IT area are to minimize losses in case of a lack of IT facilities or similar crisis. Therefore, Ekspres Bank has drawn up an emergency plan, making sure that the requirements for service providers comply with the executive order on outsourcing.

In general
Procedures covering all the above risk areas have been specified. Ekspres Bank has estimated that the current number of employees is appropriate, and substantial financial resources are used to ensure that the staff and the bank's cooperative partners are fully trained and updated, on a continuous basis, in order to comply with applicable legislation and the bank's policies.

Management review

Financial review

In 2016, the bank continues to grow in a highly competitive market and delivers a solid result with a return on equity before tax of 31,1%.

The bank reported a pre-tax profit of DKK 199m, which is better than expected and considered satisfactory compared with the pre-tax profit of DKK 149m the year before given that the 2016 result is partially achieved by a number of non-recurring events.

Macroeconomic development

Relevant macroeconomic ratios have remained stable or improved during 2016. No drastic changes are expected and these ratios will be closely monitored during 2017.

Loans and receivables

The outstanding loans amount to DKK 3.924m, compared with DKK 3.517m at the end of 2015, which corresponds to an increase of 11,6%. This increase of DKK 407m 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 21% in 2016 compared with 2015. This increase can be assigned to both the Danish and the Norwegian market.

Credit risk

Impairment losses recognized in 2016 amounted to DKK 87m against DKK 129m in 2015. The 2016 impairment losses were positively impacted by a change in methodology applied on the calculation of group provisions, resulting in a release of DKK 16,8m. The net impairment ratio for 2016 is 2,0% which is at the expected level for the bank, given the non-recurring effects of the group provisions.

Results of operations

The increase in outstanding loans of 11,6% has resulted in higher net interest income whereas fee and commission income have decreased mainly as a result of a changed product mix.

The interest income includes an amount of DKK 10,9m of interest received from the Danish tax authorities in connection with VAT and tax refunds.

For several years, Ekspres Bank had a pending court case related to the VAT exemption related to payment processing fees. This court case was settled in 2016 in the favor of Ekspres Bank, resulting in a VAT refund of DKK 14,2m (reflected under operating expenses) and related interest income recognition of DKK 4,1m.

During 2016, the Danish and Norwegian tax authorities concluded their mutual agreement procedure. As a result, the net result related to the Norwegian branch is taxable in Denmark and the deferred tax asset was utilized. A related interest income of DKK 6,8m was received.

The bank’s operating expenses and depreciation charges increased by 10,1% and totaled DKK 207m against DKK 188m in 2015. This increase is mainly driven by increased staff costs of DKK 19,7m and partly offset by the effect of the VAT refund in connection with the court case which was concluded during 2016 (DKK 14,2m). Depreciation charges decreased by DKK 2m, which is explained by a part of the intangible assets being fully amortized during the year.

On 21 June 2016, VISA Inc. completed its acquisition of 100 percent of the share capital of VISA Europe. The consideration paid for acquiring the VISA Europe shares was a combination of cash, deferred cash and convertible participating preferred stock. Ekspres Bank received cash and preferred stock in 2016 for a total amount of DKK12m. This amount is reflected under other operating income.

Subordinated loan capital

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

Balance sheet

During 2016, the bank’s balance sheet increased from DKK 3.769m to DKK 4.235m, which corresponds to an increase of 12.4% compared with 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 618m against DKK 649m at the end of 2015. Dividends distributed in 2016 to the parent company amounted to DKK 195m, hereof DKK 155m extraordinary dividend in June 2016.

Management review

Capital adequacy ratio

The bank´s capital base, less deductions, amounts to DKK 774m (including Tier2) and the capital adequacy ratio amounts to 20,8%, at the end of 2016.

The bank´s solvency need was calculated to be DKK 398m, at the end of 2016, corresponding to 10,7% of the risk-weighted assets. Compared with the actual capital base of DKK 774m and the capital adequacy ratio of 20,8%, the excess solvency is DKK 376m (10,1%), 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.

No payment of dividend is planned based on the Annual Report for 2016.

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 40 MDKK to 75 MDKK 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 80% males and 20% 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 8 for description of our CSR policy.

Post balance sheet events

We refer to the outlook for 2017. No other events have occurred after the end of the financial year, which could affect the assessment of the Annual Report.

Outlook for 2017

The bank is expected to strengthen its presence in the Nordic, by entering the Swedish market via an acquisition of a Swedish financing company that should be finalized during the second quarter of 2017. This acquisition is pending approval of the Financial Supervisory Authority.
In addition, the Bank is expected a moderate growth in the Danish market and a continued growth in the Norwegian market.
Provided that the foreseen acquisition is conducted and 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.

More details on this acquisition can be found in the note on subsequent events.

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.

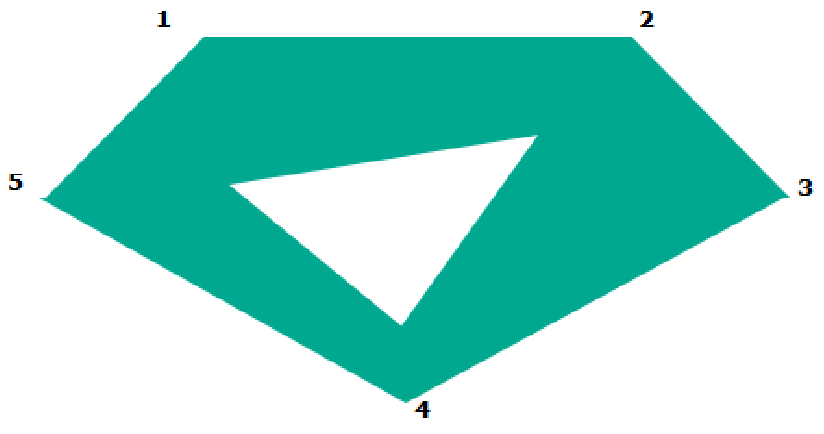
The five benchmarks are as follows:

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 31 December 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%	11,6%	< 20%
3. benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. benchmark -> Funding ratio < 1	6,35	< 1,00
*4. benchmark -> Funding ratio < 1 **	*0,75*	*< 1,00*
5. benchmark ->Excess liquidity coverage > 50 pct.	1,28	> 0,50



White lines = Ekspres Bank *

Green area = Limit values

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

Solvency

(DKK '000)	Note	2016	2015
Equity		618.463	648.845
Proposed dividends		0	-40.000
Capitalised tax assets		-2.733	-15.864
Intangible assets		-6.531	-3.118
Total core capital after deductions		609.199	589.863
Subordinated loan capital after deductions		165.000	0
Investments, etc. > 10%		0	0
Total capital base after deductions		774.199	589.863
Total weighted items		3.730.360	3.366.722
Solvency ratio		20,8	17,5

The Banks capital base, less deductions, amounts to DKK 774m, at the end of 2016, including a subordinated loan of DKK 165m. The Banks capital adequacy ratio amounts to 20,8% in the end of 2016.

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

Key figures ***(DKK '000)***	**2016**	**2015**	**2014**	**2013**	**2012**
Net interest and fee income	474.796	467.781	441.780	419.347	388.671
Market value adjustments	5.611	-2.171	155	-1.150	803
Staff costs and administrative expenses	204.760	183.588	175.816	159.450	165.922
Write-down of loans and receivables, etc.	87.039	128.900	91.477	140.494	132.899
Net profit for the year	158.001	109.257	122.602	80.142	57.523
Loans	3.924.427	3.517.291	3.165.708	3.106.336	2.939.844
Equity	618.463	648.845	587.054	533.391	463.595
Total assets	4.234.971	3.768.924	3.285.535	3.227.084	3.086.304

Ratios ***(DKK '000)****	**2016**	**2015**	**2014**	**2013**	**2012**
*Capital base ** *	774.199	589.863	529.752	488.078	410.594
*Solvency ratio ** *	20,8	17,5	17,4	16,5	14,7
*Core capital ratio ** *	16,3	17,5	17,4	16,5	14,7
Return on equity before tax	31,3	24,1	29,7	21,5	15,9
Return on equity after tax	24,9	17,7	21,9	16,1	11,9
Income/cost ratio, DKK	1,7	1,5	1,6	1,3	1,2
Interest-rate risk	-5,2	-4,8	-1,4	-1,6	-1,8
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	6,3	5,4	5,4	5,8	6,3
Annual growth in loans	11,6	11,1	1,9	5,7	17,6
Excess cover relative to statutory liquidity requirements	127,6	183,7	2,1	185,0	137,2
Total amount of large exposures	0,0	0,0	0,0	0,0	0,0
Net impairment ratio	2,0	3,4	2,6	4,0	4,0
Return on assets	3,7	2,9	3,7	2,5	1,9
Leverage ratio	18,8	16,3	16,7	15,7	13,9

** 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	2016	2015
Interest income	1	523.745	494.232
Interest expenses	2	131.912	120.845
Net interest income		391.833	373.387
Fees and commission income	3	150.492	160.877
Fees and commission paid		67.529	66.483
Net interest and fee income		474.796	467.781
Market value adjustments	4	5.611	-2.171
Other operating income		12.159	55
Staff costs and administrative expenses	5/6	204.760	183.588
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	7/8	2.130	4.116
Impairment losses, loans	9	87.039	128.900
Profit before tax		198.637	149.061
Tax	10	40.636	39.804
Profit for the year		158.001	109.257
Other comprehensive income after tax		6.616	-7.466
Total comprehensive income		164.617	101.791
Reccommended appropriation of profit			
Profit for the year		158.001	109.257
Profit retained from previous years		498.845	437.054
Exchange-rate adjustment		6.616	-7.466
Total amount to be appropriated		663.463	538.845
Proposed dividends		155.000	40.000
Transferred to equity		508.463	498.845
Total amount appropriated		663.463	538.845

Balance sheet

(DKK '000)	Note	2016	2015
Assets			
Cash in hand and demand deposits with central banks		19	18
Receivables from credit institutions and central banks	11	185.429	110.278
Loans and other receivables at amortised cost	12	3.924.427	3.517.291
Investment securities		2.797	0
Intangible assets	7	6.531	3.118
Property, plant and equipment	8	108	176
Current tax assets		537	10.582
Deferred tax assets	13	8.621	25.445
Other assets	14	33.329	26.151
Prepayments		73.173	75.865
Total assets		4.234.971	3.768.924

Balance sheet

(DKK '000)	Note	2016	2015
Liablities and equity			
Amounts due			
Due to credit institutions and central banks	15	3.254.104	2.940.473
Other liabilities	16	91.682	80.704
Deferred income		105.722	98.902
Total amounts due		3.451.508	3.120.079
Subordinated debt			
Subordinated loans		165.000	0
Total subordinated debt		165.000	0
Equity	17		
Share capital		110.000	110.000
Retained earnings or loss brought forward		508.463	498.845
Proposed dividends		0	40.000
Total equity		618.463	648.845
Total liabilities and equity		4.234.971	3.768.924

Other notes

Credit risk	17	*Related parties*	22
Interest-rate risk	18	*Audit committee*	23
Cash flow risk	19	*Principles for intra-group trading*	24
Foreign exchange risk	20	*Associated companies*	25
Contingent liabilities	21	*Subsequent events*	26

Statement of changes in equity

(DKK '000)	Share capital	Retained earnings	Proposed dividends	Total
Equity, beginning of 2015	110.000	437.054	40.000	587.054
Profit for the year	0	109.257	0	109.257
Other comprehensive income				
Translation of units outside Denmark	0	-7.466	0	-7.466
Total other comprehensive income	0	-7.466	0	-7.466
Total comprehensive income for the year	0	101.791	0	101.791
Transactions with the owners				
Dividends distributed	0	0	-40.000	-40.000
Proposed dividends	0	-40.000	40.000	0
Equity, end of 2015	110.000	498.845	40.000	648.845
Profit for the year	0	158.001	0	158.001
Other comprehensive income				
Translation of units outside Denmark	0	6.616	0	6.616
Total other comprehensive income	0	6.616	0	6.616
Total comprehensive income for the year	0	164.617	0	164.617
Transactions with the owners				
Dividends distributed	0	0	-195.000	-195.000
Proposed dividends	0	-155.000	155.000	0
Equity, end of 2016	110.000	508.463	0	618.463

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

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’).

Changes have been made to the model for group impairment losses in 2016, as the calculation method was considered outdated The model is still based on the model developed by The Association of Local Banks, but the model has been modified to reflect a more fair value of the current business situation.

Except for the changes in group impairment losses and minor reclassifications, the accounting policies are consistent with those of last year. The effect of the changes in group provisions are commented in the management review under *Credit risk*.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the bank and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the bank and the value of the liability can be measured reliably.

Significant accounting estimates

The measurement of certain assets and liabilities requires the management to estimate the influence of future events on the value of these assets and liabilities. The estimate most critical to the financial reporting is the impairment charges for loans.

The estimates are based on assumptions which, according to management, are reasonable, but inherently uncertain.

Foreign currencies

Foreign currency transactions are translated using the exchange rate at the transaction date. Receivables, liabilities and other monetary items are translated using the rate of exchange at the balance sheet date. Exchange rate differences between the transaction date and the settlement date or the balance sheet date, respectively, are recognized in the income statement as value adjustments.

Exchange rate differences arising at the balance sheet date in the Norwegian branch are taken directly to equity.

Interest income and expenses

Income and expenses are accrued over the lifetime of the transactions and recognized in the income statement at the amounts relevant to the financial reporting period.

Fees

Fees are normally recognized as income when received.

Establishment fees received and commissions paid for loans arranged are accrued over the term of the related loans based on the effective interest method.

Collection fees are taken to the income statement when entered in the customers’ accounts, since debt collection procedures are performed internally in Ekspres Bank.

Staff costs and administrative expenses

Wages, salaries and other types of remuneration are expensed in the income statement as earned. Compensated absence commitments are expensed as the actual number of holidays are earned and spent.

Derivatives

Derivatives are measured at fair value at the settlement date. Fair value adjustments of unsettled financial instruments are recognized from the trading date to the settlement date. The gross value is stated in ”Other assets” and ”Other liabilities” considering any netting agreements.

Fair value adjustments of derivatives which do not qualify for being treated as hedging instruments are recognized in the income statement.

Interest in connection with interest-rate swaps is recognized as ”Interest income”. Calculated fair value adjustments are recognized as value adjustments in the income statement.

Notes to the financial statements

Loans and advances
After initial recognition, amounts due to the bank are measured at amortized cost less impairment losses.

Impairment losses on loans are recognized regularly when there is objective evidence of impairment (OEI) i.e. an event or more events which may lead to losses due to customers' inability to pay or unwillingness to do so. It is primarily non-performing loans and distressed loans that are individually impaired, and the recoverable amounts are calculated based on individual assessments where customers' ability to pay or unwillingness to do so has been evaluated given a collective statistical method. The resulting impairment losses are recognized in the income statement under "Impairment losses on loans and receivables, etc."

Impairments of loans not in arrears are estimated collectively on the basis of a model developed by The Association of Local Banks. The model is adjusted to Ekspres Bank's loan portfolio.

Investment securities
Investments securities are measured at fair value, with fair value changes recognized in the income statement under "Other operating income".

Intangible assets
Licenses and software are recognized in the balance sheet at cost less straight-line amortization. Amortization is based on the estimated useful lives of the assets, however maximum three years.

IT development costs are recognized in the balance sheet at cost with the addition of production overheads less straight-line amortization. Amortization is based on the estimated useful lives of the assets, however maximum eight years. Assets in progress are recognized in the balance sheet at cost.

An impairment test is performed for intangible assets if there is evidence of impairment. The impairment test is made for the activity or business area to which the intangible assets relate. Intangible assets are written down to the higher of the value in use and the net selling price for the activity or the business area to which the intangible assets relate (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment
Operating equipment is recognized in the balance sheet at cost less straight-line depreciation. Depreciation is based on the estimated useful lives of the assets, however maximum three years.

Other assets
In addition to the positive market value of derivatives, this item comprises accrued interest income on loans.

Prepayments / Deferred income
Prepayments recognized under assets comprise accumulated expenses settled and distributed over the expected terms of the loans. This item also includes prepaid expenses.

Deferred income comprises income received in advance; establishment fees and trade commission.

Debt to credit institutions and central banks
Financial liabilities are recognized on inception and measured at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost using the effective interest-rate method. Other payables is subsequently measured at nominal unpaid dept.

Other liabilities
Other liabilities include trade payables, other accrued expenses and interest payable.

Subordinated debt
Subordinated debt comprises of Tier 2 capital instruments and guarantor capital which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until the claims of ordinary creditors have been met. At initial recognition subordinated debt is measured at fair value, equaling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortized cost.

Notes to the financial statements

Income taxes
Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Deferred tax
Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortizable goodwill.

Deferred tax assets are measured at the value at which they are expected to be utilized, either through elimination against tax on future earnings or as a set-off against deferred tax liabilities.

Dividends
Proposed dividends are recognized as a liability once approved by the annual general meeting of shareholders (date of declaration). Until the proposal is approved, dividends payable for the year are shown in equity.

IFRS 9
At the time of publication of this annual report, a range of regulations are pending changes in the Danish IFRS-aligned accounting regulations. The background for this is the appearance of the international accounting standard IFRS 9 Financial instruments, which are required application for companies applying IFRS-accounting from January 1st 2018.

The IFRS 9 accounting standard changes to a significant degree the applicable rules for classification and measurement of financial actives as well as the current provisioning rules. Under IFRS 9 standard, the existing IAS39 provisioning model, which is 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).

The adjusted Danish accounting legislation is expected to be applied for accounting periods beginning on 1st of January 2018. Ekspres Bank plans to apply the IFRS 9 standard from 1st of January 2018.

A development work has been made together with the Central Finance team in BNP Paribas Personal Finance division and based on the data held locally by Ekspres Bank.

The Group Provisions currently made in accounting will be superseded and depreciated, which to some degree will decrease the impact of IFRS 9.

Notes to the financial statements

(DKK '000)	2016	2015

Financial highlights

Financial highlights are shown on page 13

1 Interest income

	2016	2015
Loans and other receivables	512.798	494.232
Other interest income	10.947	0
Total	523.745	494.232

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

	2016	2015
Credit institutions and central banks	124.905	115.444
Reverse repo transactions with credit institutions and central banks	415	103
Derivatives, total	3.931	5.298
Thereof concerning:		
Interest-rate agreements	3.931	5.298
Subordinated loans	2.662	0
Total	131.913	120.845

3 Fees and commission income

	2016	2015
Payment service fees	27.673	26.453
Other fees and commission income	122.819	134.424
Total	150.492	160.877

4 Market value adjustments

	2016	2015
Derivatives	5.602	-2.127
Other liabilities	9	-44
Total	5.611	-2.171

Notes to the financial statements

(DKK '000)	2016	2015

5 Staff costs and administrative expenses

Staff costs and administrative expenses		
Wages and salaries	89.153	75.184
Pensions	8.977	7.601
Social security costs	18.827	14.462
Total	116.957	97.247
Other administrative expenses	87.803	86.341
Total staff costs and administrative expenses	204.760	183.588

Number of employees		
Average number of full-time employees during the financial year	140	127
Executive Board	1	1
Employees whose activities have a significant impact on the bank's risk profile	10	0
Board of Directors	8	5

Salary and remuneration paid to Executives Board and Board of Directors		
Executive Board	3.626	3.487
Thereof variable salary	459	336
Employees whose activities have a significant impact on the bank's risk profile	15.711	0
Thereof variable salary	2.155	0
Board of Directors		
Michael Ravbjerg Lundgaard	95	100
Total	19.432	3.587

The board in Ekspres Bank has from 2016 decided to point out the management group as employees with significant impact on the bank's risk profile.
Moreover, Ekspres Bank has no pension liabilities vis-à-vis current or former Board members.

Loans to management		
Executive Board	0	0
Board of Directors	583	0
Security for loans, etc.	0	0
Total	583	0

Notes to the financial statements

(DKK '000)	2016	2015

6 Audit fees

Total fee to the auditors appointed by the general assembly who perform statutory audit	785	983
Thereof concerning statutory audit	785	933
Thereof concerning other services	0	50

7 Intangible assets

Cost, beginning of year	69.969	68.897
Foreign exchange adjustment	588	-670
Additions in the year	5.447	1.742
Disposals in the year	0	0
Cost, end of year	76.004	69.969
Amortisation and impairment losses, beginning of year	66.851	63.403
Foreign exchange adjustment	560	-600
Amortisation for the year	2.062	4.048
Reversal of amortisation charges and impairment losses	0	0
Amortisation and impairment losses, end of year	69.473	66.851
Carrying amount, end of year	6.531	3.118
Total immediate write-offs in the year	0	0

Notes to the financial statements

(DKK '000)	2016	2015

8 Property, plant and equipment

Cost, beginning of year	4.151	3.948
Foreign exchange adjustment	1	-2
Additions in the year	0	205
Disposals in the year	0	0
Cost, end of year	4.152	4.151
Depreciation and impairment losses, beginning of year	3.975	3.908
Foreign exchange adjustment	1	-1
Depreciation for the year	68	68
Depreciation and impairment losses, end of year	4.044	3.975
Carrying amount, end of year	108	176

9 Write-downs on loans and receivables

Group impairment losses during the year	0	5.275
Individual impairment losses during the year	130.099	122.554
Reversal of individual impairment losses recognised in previous years	-50.231	-42.013
Reversal of group impairment losses recognised in previous years	-20.052	0
Final loss on debt previously written down	27.971	51.331
Loss on debt not previously written down	5.582	5.627
Amounts received, previously written-off debt	-4.339	-15.827
Other movements	-1.990	1.953
Total	87.040	128.900

Notes to the financial statements

(DKK '000)	2016	2015

10 Tax

Estimated current tax for the year	40.467	34.192
Deferred tax	3.371	4.018
Adjustment of estimated tax in prior years	-3.201	1.594
Total	40.637	39.804
Current tax rate	22,0%	23,5%

Tax for the year comprises:

Profit before tax	198.637	149.061
Statutory income tax rate of 22%	43.700	35.029
Adjustment of prior years' income tax	-3.201	9.727
Adjustment of prior years' deferred tax	0	-8.133
Local Norwegian current tax	51	0
Effect of lower tax rates	0	2.994
Effect of different tax rates in other countries	7	0
Non-taxable income	-80	-13
Non-deductible expenses	160	199
Total	40.637	39.804
Effective tax rate	20,5%	26,7%

Notes to the financial statements

(DKK '000)	2016	2015

11 Receivables from credit institutions and central banks

Receivables from credit institutions	185.429	110.278
Total	185.429	110.278

Distribution of terms by maturity

Receivables from credit institutions and central banks

Up to three months	185.429	110.278
Total	185.429	110.278
Thereof reverse repo transactions	106.496	107.776

12 Loans and other receivables at amortised cost

Up to three months	497.993	32.980
From three months to one year	1.092.613	369.240
From one year to five years	1.945.470	2.080.642
More than five years	388.351	1.034.429
Total	3.924.427	3.517.291

Loans, other receivables and guarantees broken down by sector (%)

Private	100	100
Total	100	100

Notes to the financial statements

(DKK '000)	2016	2015

13 Deferred tax assets

Tangible assets	-1.049	-225
Tax loss carry forward	2.733	15.864
Other	6.936	9.806
Total	8.621	25.445

14 Other assets

Positive market value of derivative financial instruments	5.553	715
Interest and commission receivables	22.489	24.746
Other assets	5.287	690
Total	33.329	26.151

Distribution of terms by maturity

15 Due to credit institutions and central banks

Up to three months	139.024	489.743
From three months to one year	820.513	749.883
From one year to five years	1.999.080	1.605.627
More than five years	295.486	95.221
Total	3.254.104	2.940.473

16 Other liabilities

Negative market value of derivatives	3.320	4.121
Accrued interest	17.848	20.814
Other liabilities	70.513	55.769
Total	91.682	80.704

Notes to the financial statements

(DKK '000)	2016	2015

17 Credit risk

Loans and other receivables at fair value and amortised cost distributed on sectors		
Private	3.924.427	3.517.291
Total	3.924.427	3.517.291

Impairment of objectively impaired loans and receivables, individual		
Accumulated impairment losses, beginning of year	298.788	302.603
Changes in the year:		
Individual impairment losses in the year	130.099	122.554
Reversal of individual impairment losses recognised in prior years	-50.231	-42.013
Final loss on debt previously written down	-58.819	-84.356
Accumulated impairment losses, end of year	319.837	298.788

Loans with OEI recognised in the balance sheet recognised after impairment in the balance sheet at a carrying amount exceeding nil		
Value before impairment	524.032	498.574
Accumulated impairment losses, end of year	-319.837	-298.788
Value after impairment	204.195	199.785

Collective impairment losses loans and receivables		
Accumulated impairment losses, beginning of year	24.825	19.646
Changes in the year:		
Group impairment losses during the year	0	5.275
Reversal of collective impairment losses recognised in prior years	-20.052	0
Other movements	128	-96
Accumulated impairment losses, end of year	4.901	24.825

Notes to the financial statements

(DKK '000)	2016	2015

17 Credit risk (continued)

Loans without OEI recognised after impairment in the balance sheet at a carrying amount exceeding nil

Value before impairment	3.725.133	3.342.331
Accumulated impairment losses, end of year	-4.901	-24.825
Value after impairment	3.720.232	3.317.506

Changes to the methodology in group impairment has been made in 2016 , as explained in the magement review under Credit risk.

Credit risk

The bank's primary risk is the credit area. The maximum loan granted to private individuals is DKK 500.000. Consequently, the bank has a geographically diversified loan portfolio in order to spread its risk exposure.

The bank has well-documented policies and processes for handling its segmented loan portfolio. This means that the bank performs a systematic monitoring of the loan portfolio at all stages. Furthermore, the bank performs a credit scoring of all new loans based on experience and information received from its customers. Documentation in form of salary slips is requested on applications exceeding DKK 30.000 in Denmark and exceeding NOK 30.000 in Norway. The delivery of the yearly tax statement is a prerequisite on Danish credit applications exceeding DKK 75.000 and on Norwegian credit applications exceeding NOK 50.000.

If a loan falls into arrears, it will go through a welldefined debt collection process performed by the bank's collection department. The bank applies an effective internal control system on loans falling into arrears.

Impairment losses on loans are recognised regularly when there is objective indication of impairment (OEI) i.e. an event or more events which may lead to losses due to customers' inability to pay or unwillingness to do so. It is primarily non-performing loans and distressed loans that are individually impaired, and the recoverable amounts are calculated based on individual assessments where customers' ability to pay or unwillingness to do so has been evaluated given a collective statistical method.

At any time and in accordance with the existing credit policies, guidelines and procedures, reports on the portfolio segmentation of the bank are regularly prepared for local committees, with the participation of the bank's Management. Moreover monthly reports are prepared for the Corporate Risk Department in France and a separate reporting is prepared for scheduled Board of Directors meetings.

Notes to the financial statements

(DKK '000)

18 Interest-rate risk

Derivative financial instruments

SWAPS	**2016**				**2015**	
	Nominal value	*Net market value*	*Positive market value*	*Negative market value*	*Nominal value*	*Net market value*
Interest-rate agreement	2.462.802	2.233	5.553	-3.320	2.304.001	-3.405

CAPS	**2016**				**2015**	
	Nominal value	*Net market value*	*Positive market value*	*Negative market value*	*Nominal value*	*Net market value*
Interest-rate agreement	0	0	0	0	0	0

According to the definition by the Danish Financial Supervisory Authority (DFSA) the bank's interest-rate risk amounts to -5,2% (2015: -4,8%) of the core capital less all deductions, cf. overview of financial highlights.

The bank's interest-rate risk derives from the difference between interest terms and loan terms on the bank's loan portfolio in relation to funding. The bank's policy is to match the funding interest and loan interest in order to mitigate the interest-rate risk. Ekspres Bank tries, as far as possible, to hedge its portfolio by means of derivative financial instruments.

Notes to the financial statements

(DKK '000)

19 Cash flow risk

Since the bank is exclusively funded by the parent company BNP Paribas with whom Ekspres Bank has sufficient contractually committed credit line agreements - for both the Danish market and the Norwegian market - the liquidity risk is minimised.

The bank's liquidity position is continuously monitored to ensure that the bank meets its payment obligations at all times.

If liquidity drops below the established limits of the excess liquidity coverage, the necessary actions must be initiated immediately in order to restore the agreed excess liquidity coverage ratio.

Necessary measures are prioritised as follows:
- Increase in current credit lines
- Establishment of more irrevocable money market lines

At least once a year, the Board of Directors reviews the bank's liquidity policy and performs all necessary adjustments on the recommendation of the Executive Board.

20 Foreign exchange risk

With the aim of reducing exchange rate risk to the widest possible extent, it is the bank´s policy to obtain funding in the same currency as loans. Thus, the bank has no or a very limited exchange rate risk.

21 Contingent liabilities

	2016	2015
Unused credit and loan commitments	450.406	377.777
Other contingent liabilities	9.736	13.819
Total	460.142	391.596

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)

22 Related parties

Controlling interest

Ultimate parent company
BNP Paribas
16, Boulevard des Italiens
75009 Paris
France

Parent company
BNP Paribas Personal Finance S.A.
Unicity
143 rue Anatole France
92300 Levallois-Perret
France

The consolidated financial statements are available from BNP Paribas' website: www.bnpparibas.com

23 Audit committee

Members of the Audit Committee
Michael Ravbjerg Lundgaard
Pierre de Fontenay

24 Principles for intra-group trading

Intra-group transactions and services are settled on an arm's length basis or on a cost-reimbursement basis.

Transactions with related parties	**2016**	**2015**
Loans from related parties	3.393.073	2.904.766
Loans to related parties	106.496	107.776
Interest costs	126.615	115.444
Reinvoiced external costs	1.340	1.730

No transactions have been conducted between Ekspres Bank and its ultimate parent, BNP Paribas or other subsidiaries of the BNP group in 2016, except for loans from (2016: MDKK 3.393, 2015: MDKK 2.905), loans to (2016: 106 MDKK, 2015: MDKK 108), interest (2016: MDKK 127, 2015: MDKK 115) and reinvoiced external costs (2016: MDKK 1, 2015: MDKK 2).

Notes to the financial statements

(DKK '000)		2016

25 Associated companies

Name and location

Ekspress Bank NUF		
Oslo, Norway	*Share in %*	100
	Average number of employees	2
	*Revenue **	99.604
	Profit before tax	10.027
	Tax	2.365
	Government grants received	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.

26 Subsequent events

On January 13th 2017, Ekspres Bank entered into a Special Purpose Agreement to acquire a Swedish financing company of which the name has not yet been made public.
This acquisition is pending approval of the Financial Supervisory Authority and completion is expected during the second quarter of 2017.

As a result of the acquisition, the Bank's balance sheet is expected to increase by DKK 5,3b, loans and receivables, in particular, will increase by DKK 4,6b and the deposit balance will increase by DKK 4,3b (currently 0).
Ekspres Bank will finance this acquisition with its own equity and BNPP PF as shareholder will make a capital contribution to ensure sufficient capital.