ANNUAL REPORT 2019

Ekspres Bank

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

Contents

Company Information

Ekspres Bank A/S
Oldenburg Allé 3
DK- 2630 Taastrup
Phone: +45 70 23 58 00
www.expressbank.dk

Ownership

The company is owned by
BNP Paribas Personal Finance S.A.
Unicity
143 rue Anatole France
92300 Levallois-Perret
France

BNP Paribas Personal Finance S.A. is a 100% subsidiary of the BNP Paribas Group.

Board of Directors

Marc de Korver (*Chairman)*
Jean François Simon
Claudine Francoise Pince Smith
Frederic Thoral
Gilles de Wailly
John Poulsen
Magnus Beer
Michael Ravbjerg Lundgaard *(Independent director)*
Marion Lorenzen *(Employee representative)*
Nicki Reinhold Byel *(Employee representative)*
Søren Illum *(Employee representative)*
Niels Egede Olsen *(Employee representative)*

Executive Board

Annika Olsson
CEO

Auditors

Deloitte

CEO Comments

First of all I would like to express my gratitude to every single employee in our bank. Yet another year everyone has made a remarkable effort to fulfil the needs and demands of our clients.

Looking back at 2019, it has been a successful year on many parameters. Our Nordic growth strategy accelerated, which is reflected by an increase of the banks' global loan portfolio by 16%.
We have gained market shares in both Denmark and Sweden, and we have launched a series of new business initiatives. I would like to highlight following:

- The Danish consumer finance market was disrupted. We seized the opportunity leveraging on our good existing partnerships in Sweden and Norway, which allowed us to support existing, as well as, new partners entering the Danish market. A combination of good partnerships and the proper debt consolidation offer has triggered a business success story meeting a market demand

- 2019 is also a landmark for our company as we strengthened the sustainability of our Nordic business model by establishing a solid footprint on the Swedish retail market. Strategically important retail alliances were established, and new ones are one the way to be realised making promises for the future

- New regulation played a predominant role on the Norwegian banking market. The directly derived effect is reflected in less sales volumes than anticipated, and it has forced us to reconsider our business strategy. Consequently, 2019 has been year of transition, during which we have reshaped our fundamentals, enabling us today to serve our growing number of customers and partners consecutively

Although the financial year 2019 is satisfactory from a sales perspective, given the circumstances in Norway, it could have been better in terms of profit. These years are years of investment for future successes, which impact our bottom line short-term.

We have invested heavily in our IT architecture, and we will continue to do so in 2020. This journey started in Sweden and will continue in Norway and Denmark with the aspiration to strengthen our fundamentals by leaning on one Nordic IT platform, a vector of simplification meeting the expectations of our business partners.

When it comes to our employees, we must never cease to invest. During 2019 our organisation grew by 18% in number of FTEs to support the growth of our business and its people. To complement our working conditions and employee benefits, and with the aim to support and enhance employee satisfaction, we introduced an internal programme in autumn 2019. Part of this programme involves the utilisation of the MoodStories App, on which you register your mood level, allowing everyone's voice to be recognised, and inviting everyone to actively contribute to improve our work environment and general satisfaction.

While I am proud of our performance in 2019, I truly look forward to continue helping our clients realising their projects and fulfilling the 2020 ambitions on behalf of the bank and our parent group.

Annika Olsson
Nordic CEO

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 2019. 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 2019 as well as the result of operations for the period 1 January – 31 December 2019.

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 14 April 2020.

EXECUTIVE BOARD

Annika Olsson
CEO

BOARD OF DIRECTORS

Marc de Korver
Chairman

Jean François Simon

Frederic Thoral

Claudine Smith

Gilles de Wailly

John Poulsen

Magnus Beer

Michael Ravbjerg Lundgaard

Nicki Reinhold Byel

Marion Lorenzen

Niels Egede Olsen

Søren Illum

Independent Auditor's Report

To the shareholder of Ekspres Bank A/S

Opinion
We have audited the financial statements of Ekspres Bank A/S for the financial year 01.01.2019 to 31.12.2019, which comprise the financial highlights, income statement and comprehensive income, balance sheet, statement of changes in equity and notes, including 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 Company's financial position at 31.12.2019 and of its financial performance for the financial year 01.01.2019 to 31.12.2019 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

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 Company in accordance with the IESBA Code of Ethics for Professional Accountants and 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.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Ekspres Bank A/S for the first time on 16.03.2016 for the financial year 2016. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of three years up to and including the financial year 2019.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 01.01.2019 to 31.12.2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Judgments and estimates with respect to valuation of loan receivables</th></tr>
<tr><td>Ekspres Bank A/S' loans amounted to DKK 12,377 million at 31 December 2017 (31 December 2018: DKK 10,654 million). From 1 January to 31 December 2019, loan impairment charges amounted to DKK 278 million (1 January to 31 December 2018: DKK 158 million).

Determining expected loan impairment is subject to significant uncertainty and to some degree based on management judgement. Due to the significance of such management judgement and the loan volumes of Ekspres Bank A/S, auditing loan impairment charges and provisions for guarantees is a key audit matter.

The principles for determining loan impairment charges are further described in the Summary of significant accounting policies, and Management has described the management of credit risks and the review for impairment in note 21.

The areas of loans involving the highest level of management judgement, thus requiring greater audit attention, are:

• Identification of credit-impaired exposures
• Parameters and management judgements in the calculation model used to determine expected losses in the 3 stages.</td>
<td>Based on our risk assessment, our audit comprised a review of the Bank's relevant procedures, testing of relevant controls and analyses of the credit quality of loans, including the amount of impairment charges.

Our audit procedures included, but were not limited to:

• Challenging the methodologies applied for the areas involving the highest level of management judgement by using our industry knowledge and experience.
• Challenging key assumptions in the calculation model applied with particular focus on objectivity and the data used.
• Challenging management judgments in the calculation model used with special focus on the management consistency and bias, including challenging documentation of adequacy of management judgement</td></tr>
</table>

Independent Auditor's Report

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 Company'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 the preparation of the financial statements unless Management either intends to liquidate the Company 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 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 in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 Company'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 the preparation of 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 Company'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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Statement on management commentary
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, 14 April 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jens Ringbæk
State-Authorised
Public Accountant
MNE no 27735

Bjørn Philip Rosendal
State-Authorised
Public Accountant
MNE no 40039

Board of Directors

Board of Directors

Marc de Korver
Chairman of the Board of Directors

Jean François Simon
Board Director

Claudine Francoise Pince Smith
Board Director

Frederic Thoral
Board Director

Gilles de Wailly
Board Director

John Poulsen
Board Director

Magnus Beer
Board Director

Michael Ravbjerg Lundgaard
Independent Board Director

Søren Illum
Employee Representative

Niels Egede Olsen
Employee Representative

Nicki Reinhold Byel
Employee Representative

Marion Lorenzen
Employee Representative

Executive Board

Annika Olsson
Nordic CEO

Board of Directors

Marc de Korver (Chairman of the Board)
Head of Nordics & UK – BNP Paribas Personal Finance
Chairman of the Board – Ekspres Bank A/S
Chairman of the Board – Creation Consumer Finance Ltd.
Chairman of the Board – Creation Financial Service Ltd.

Claudine Smith
Country Head Norway - BNPP CIB
Head of Corporate Coverage Norway – BNPP CIB
Board Director – Ekspres Bank A/S
Board Director – Alfred Berg Kapitalforvaltning AS
Board Director – BNP Paribas Leasing Solutions Norway

Jean François Simon
Head of Legal – BNP Paribas Personal Finance
Board Director – Ekspres Bank A/S
Member of the Supervisory Board – Magyar Cetelem Bank

Magnus Waldemar Beer
Board Director – Ekspres Bank A/S
Board Director – Sigtunaskolan Humanistiska Läroverket Foundation

Frederic Thoral
Head of HR – BNP Paribas Personal Finance
Board Director – Ekspres Bank A/S
Member of the Supervisory Board – Magyar Cetelem Bank
Board Director – UBCI Tunisia
Board Director – Neymo (Internal PF structure)

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

John Poulsen
Board Director – Ekspres Bank A/S
Board Director – Finans & Leasing
Sector Chairman - Forbrugslån & Kreditkort

Gilles de Wailly
CIO – BNP Paribas Personal Finance
Board Director – Ekspres Bank A/S
Board Director – Alpha Credit
Chairman of the Board - United Partnership

Employee Representatives

Marion Lorenzen
Board Director – Ekspres Bank A/S
Owner and head of Maitreya Invest ApS
Owner and head of – Maitreya Properties Ltd.
Owner and head of – Anytime

Nicki Reinhold Byel
Board Director – Ekspres Bank A/S

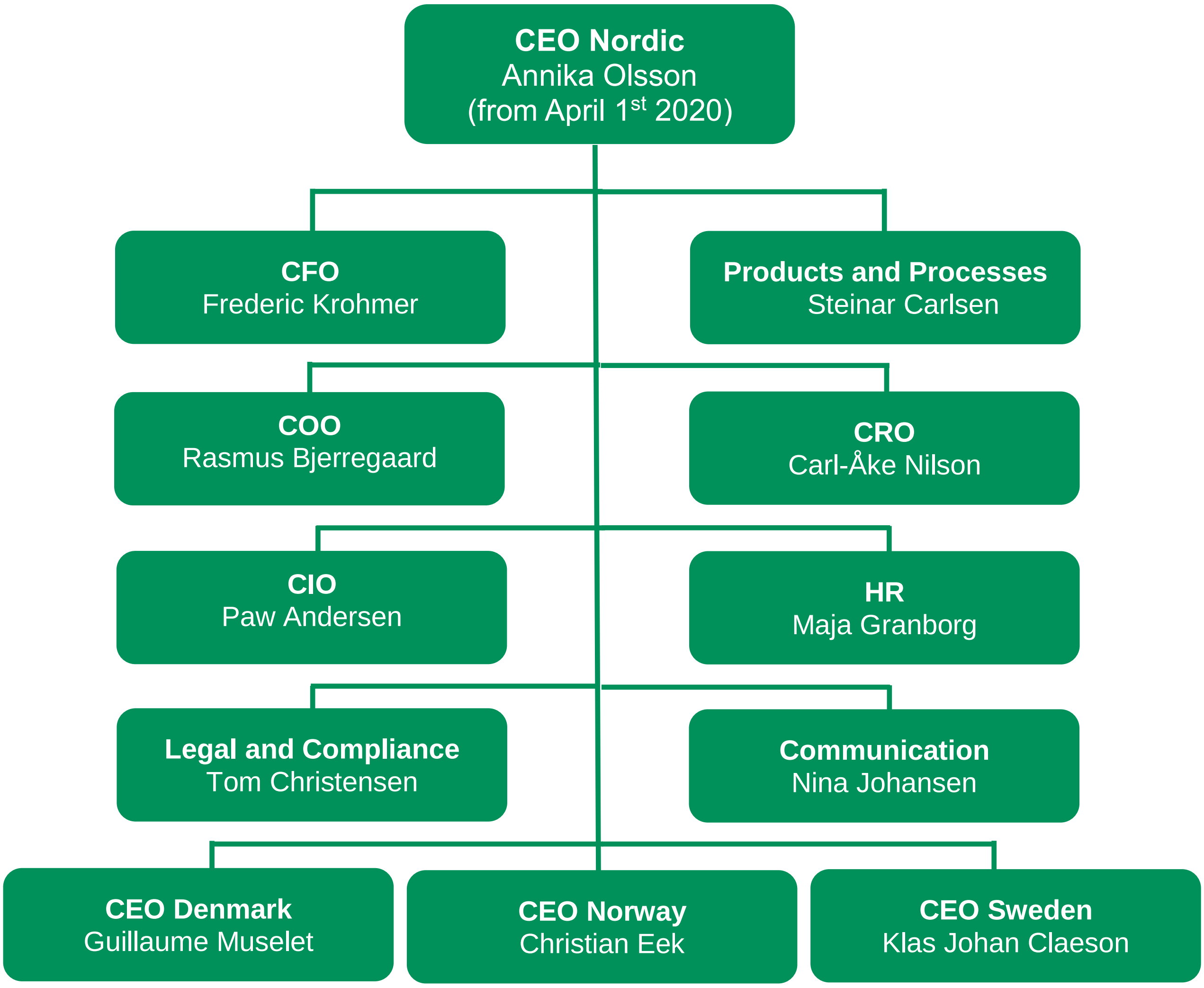
Søren Illum
Board Director – Ekspres Bank A/S
Owner and head of Sherrybodega.dk

Niels Egede Olsen
Board Director – Ekspres Bank A/S
Representative – Danish FSU in BNP PF Denmark
Representative – EWC for BNP Paribas Denmark
Owner and head of Neocortex Holding IVS
Owner and head of MW Willumsen IVS

Executive Board

Annika Olsson
Nordic CEO – Ekspres Bank A/S

Nordic organisation



Our business

Business introduction
Ekspres Bank is a Nordic digital consumer bank wishing to help as many people as possible realising their projects, being large or small, in a responsible way.

In 1987 we started out as a niche player in the Danish market - the result of a cooperation between Handelsbanken and Dansk Supermarked. We entered the Norwegian market in 2008. In May 2017 we acquired SevenDay AB to strengthen our position in the Nordics, and in 2018 the activities in Sweden have been merged with the Nordic group.

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, deposits, credit insurance and intermediation of accident insurance.

The close attachment to retail business is a part of our DNA, and we strive to develop digital best-in-class solutions to enhance the customer experience at partners' stores and web shops. Thanks to our skilled and dedicated employees, we run our business with a commitment to responsibility.

Vision

Being a Nordic digital consumer bank, we aspire to become the preferred long-term partner to our clients, listening to the demands of every single individual

Mission

We want to help as many people as possible by realising their projects, whether large or small, in a responsible way

Our head office is located in Taastrup. In Norway we are represented through our office in Oslo, and in Sweden the office is located in Kista. In total, we:

- Employ 268 FTEs
- Manage >400.000 accounts in our customer portfolio
- Process >1.300.000 applications annually

International support base
Ekspres Bank has an international support base by BNP Paribas - Personal Finance.
We benefit from the better of two worlds, enjoying the financial support from our parent company, a necessity for running a robust modern bank, while staying agile and adaptive to our costumers' and partners' demands.

Our business

High Customer Satisfaction
Rating level was 5.37 out if 6.0 in our customer satisfaction survey

High Retailer Satisfaction
Rating level was 4.97 out of 6.0 in our retailer satisfaction survey

Our CSR policy

Ekspres Bank does not have an explicit CSR policy. However, we align ourselves with some fundamental rules and principles to pursue the position as a more responsible and society oriented bank. We practice this by:

- Following a group charter on the protection of customer interest protection, ensuring sufficient and transparent information and guidance to our existing and potential customers
- Collaborating with competitors via the sectoral association, “Finance and Leasing” on the tool “KreditStatus” to ensure responsible lending
- Practicing a non-biased employment culture in terms of gender, religion, race etc.

Ekspres Bank believes in the responsible financing of our customers’ projects. Our commitment to responsibility derives from our parent company, BNP Paribas Personal Finance, and is the baseline for our entire business concept.

Employee profile

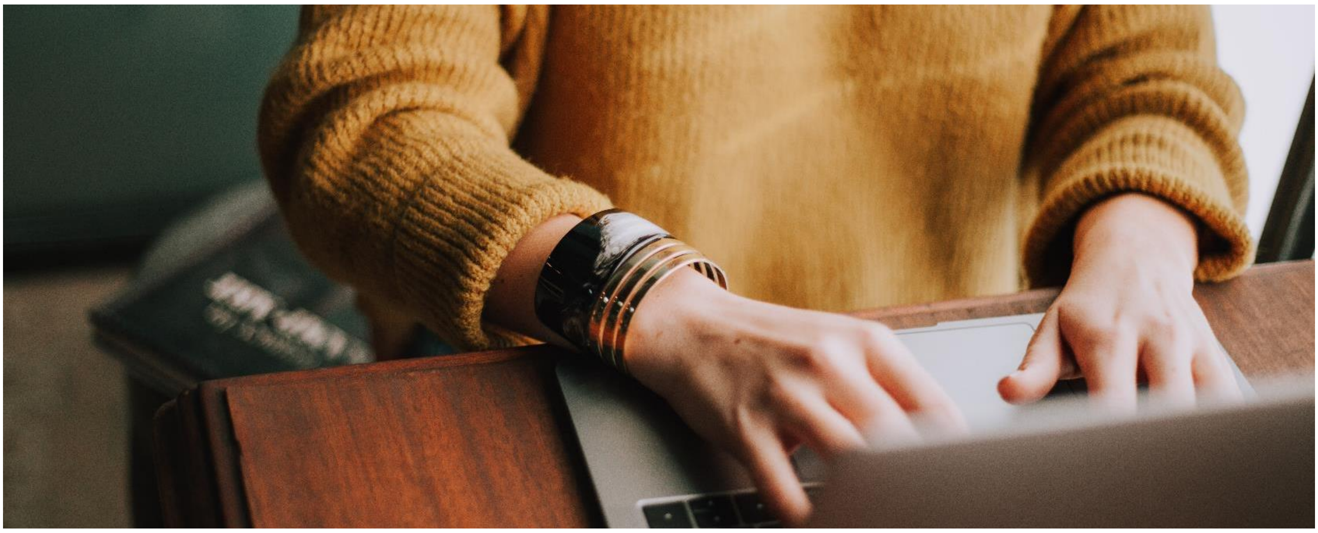
54.1% Female employees

44.9% Male employees

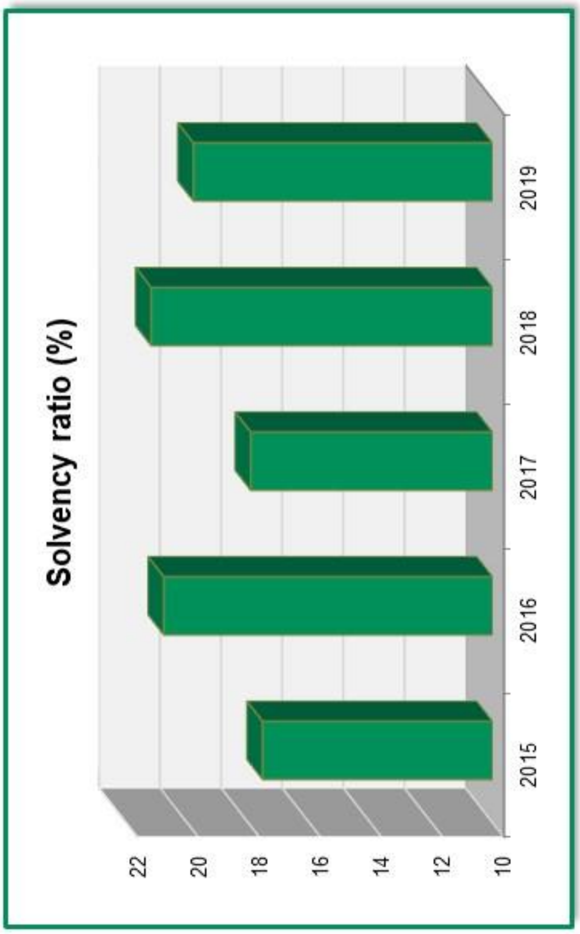
> 40 years 48.2%

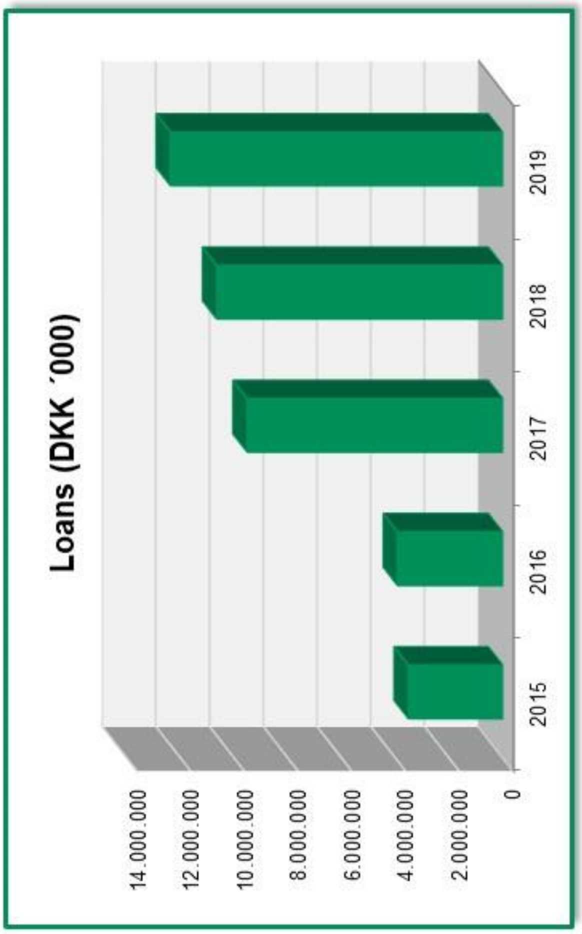
25 - 40 years 44.9%

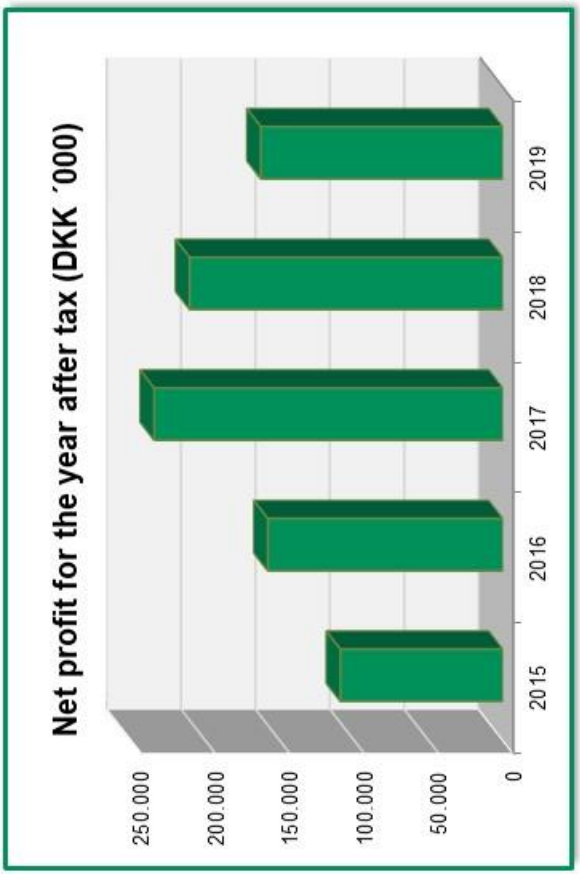
< 25 years 6.9%

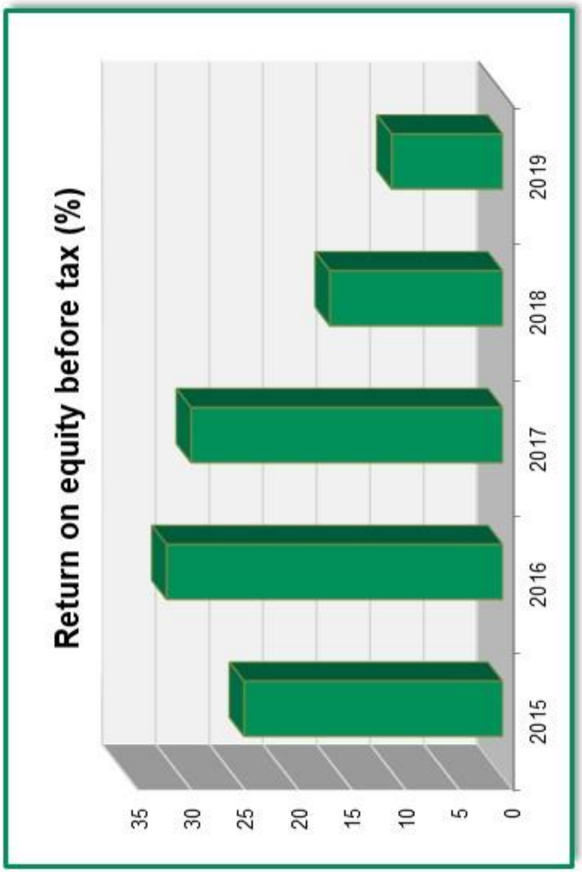


Highlights of 2019







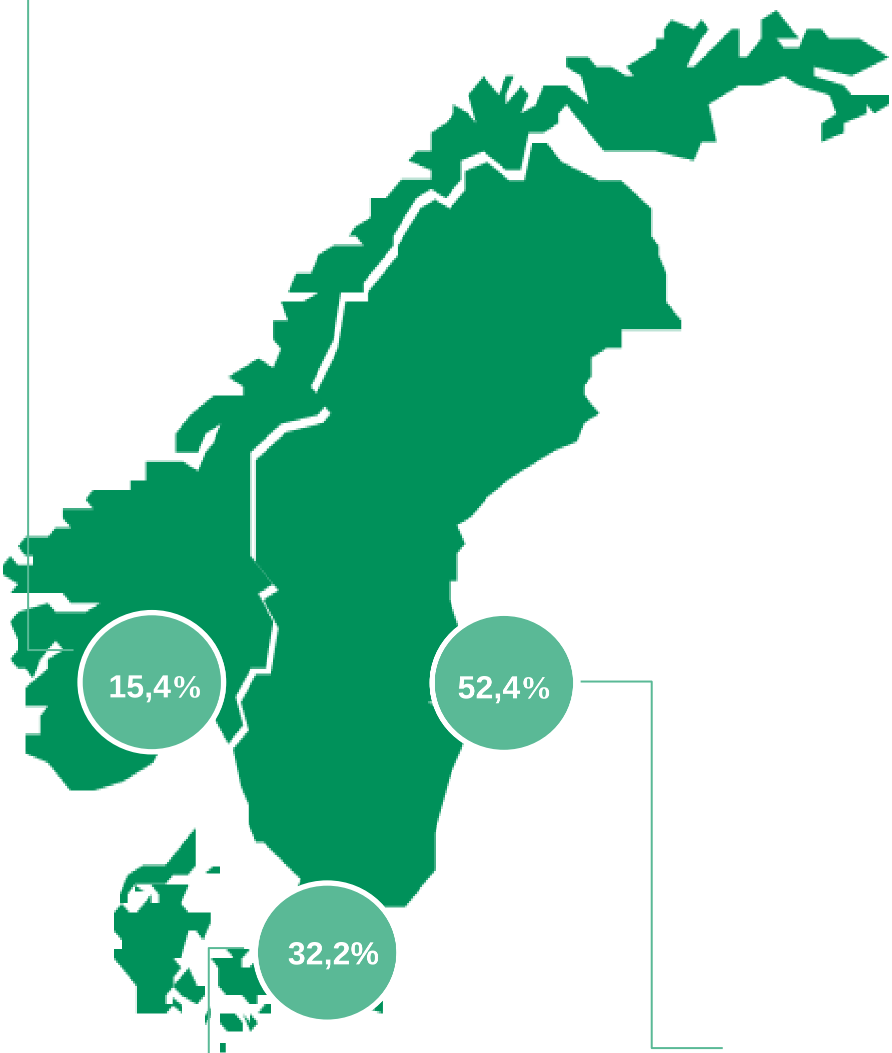


Nordic overview

Norway

Share of total outstanding balance

Acquisition channels being via retail partners, brokers and direct business



Sweden

Share of total outstanding balance

Acquisition channels being via brokers and direct business

Denmark

Share of total outstanding balance

Acquisition channels being via retail partners, brokers and direct business

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 500.000 in local currency in Denmark, Norway and Sweden. 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.

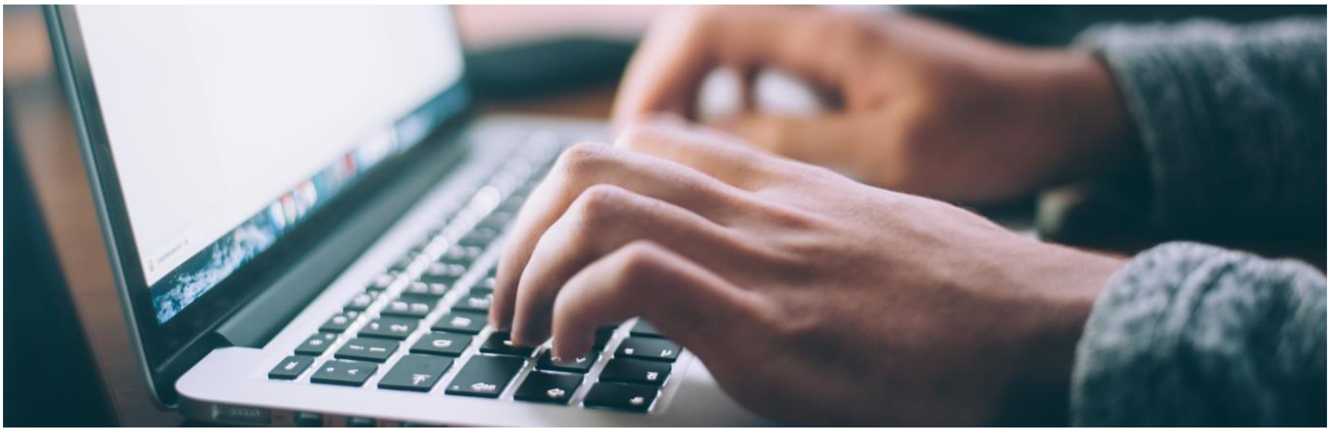
The bank applies an effective internal control system on all delinquent accounts. The bank continuously adjusts its credit scoring process and approval conditions in order to adapt to the underlying trends of the current economic climate.

If a loan enters into arrears, it will go through a well-defined debt collection process performed by the bank's internal collection department and outsourcing partners.

During 2019 a new Legal Collection Department was established in Taastrup to serve the Danish business. The strategy is to sell specific segments in a forward flow process and to work the rest in the new Department.
Norway signed a contract mid 2019 with an external part who will handle Legal Collection and thereafter buy the cases when they get a public verdict.
In Sweden late collection are kept on the books and handled through a third party agreement with a debt collection agency. The early phase is handled inhouse and outsourced to an external part. This insures that we have an efficient late collection process in all three countries with a 100% known outcome.

Impairment losses are applied systemically in accordance with an IFRS9 based model, where an assessment is made on the customers historically ability to repay, global economic evolution and stress factors. For portfolios where the Non-performing loans and distressed are held internally, these are individually impaired, and the recoverable amount 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.



Risk factors

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 attempts, 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.

Liquidity risk
Since the bank is only partly funded from the market through deposits and partly by the parent company, with whom Ekspres Bank has sufficient credit line agreements - for the full Nordic 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: Events resulting from the inadequacy or failure of internal procedures/processes or external events, which has, could or could have resulted in a loss, gain or loss of profit.

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 commentary

Financial review

In 2019, the bank continues to grow in a highly competitive market, and delivers a solid result with a pre-tax profit of DKK 204m.

The loan portfolio continues to grow in 2019, with +16,2% mainly driven by positive evolution on the Swedish and Danish market.

In Sweden, the bank strengthened its position as a significant financial partner for brokers and continue to grow the collect of saving deposit which now represent 70% of the funding source for the Swedish business.

In Denmark, the bank has successfully partnered with the first brokers entering the consumer finance market.

In Norway, the Bank has developed in the retail market with the launch of new financing partnerships within telco and furniture business.

During the year, the bank has started in Sweden the One Nordic Platform project, consisting of harmonizing all its IT back-end systems under one common platform across the Nordic countries.
The aim of the project is to better serve the bank's partners and customers while implementing more efficient and flexible operating processes.

Several new regulations were issued in the consumer loan market in 2019 and the bank considers it as a high priority to constantly adapt its business to secure full compliance with the regulatory framework.

Macroeconomic development

Relevant macroeconomic ratios have remained stable or improved during 2019. No drastic changes are expected and these ratios will be closely monitored during 2020.

Loans and receivables

The outstanding loans amount to DKK 12.377m, compared with DKK 10.654m at the end of 2018, which corresponds to an increase of 16,2%. The increase of DKK 1.723m is mainly driven by organic growth in the Swedish and Danish market.

New loans

Globally the amount of new loans and credit facilities increased by 23% in 2019 compared with 2018. This increase can be mainly assigned to the Danish and Swedish market.

Credit risk

Impairment losses recognized in 2019 amounted to DKK 279m against DKK 158m in 2018. Accordingly, the impairment loss ratio is increasing from 1,4% in 2018 to 2,2% in 2019. This development is driven by a higher non-performing portfolio mainly related to the Norwegian and Danish business.

The bank have launched both a collection program with strong focus to reinforce the collection process and a risk program to strengthen the acceptance score and better segment the risk profile.

Results of operations

In 2019, the bank delivers an overall satisfactory result at DKK 204m before tax. Compared to last year, this is a decrease of DKK 68m. The decrease is mainly driven by the negative development in credit risk.

Net interest and fees increase by 11% (88 DKKm) lead by higher sales performance in Sweden and Denmark, partly offset by lower margin following a global product mix shift in favor of lower interest rate products.

The bank's operating expenses and depreciation charges increased by 12,1% and totaled DKK 400m against DKK 357m in 2018. This increase is mainly driven by an increase in staff cost of DKK 24m following the reinforcement of the structure with additional FTE and an increase of DKK 12,8m in IT expenses linked to the One Nordic IT platform project initiated in 2019.
The administration expenses for 2019 is positively impacted by a decrease due to changed accounting principles for leasing, reducing the administration expenses on leases of DKK 6,8m.

Amortizations and depreciations increase by DKK 11m to DKK 17m. The increase in amortizations and depreciations are mainly related to the change of accounting principles for operational leasing, increasing the depreciations with DKK 6,5m and business projects being released in 2019.

Balance sheet

During 2019, the bank's balance sheet increased by DKK 1.467m from DKK 12.270m to DKK 13.737m. The increase is driven by the organic growth in the loan portfolio.

Management commentary

Equity and subordinated debt
Equity totaled DKK 2.046m against DKK 1.898m at the end of 2018 including T1 loan.
In 2019 the bank strengthened its solvency position during the year with an additional Tier 2 loan fully subordinated by the parent entity BNPP PF of DKK 75m.
The equity is also impacted by an adjustment due to the first time impact of the IFRS16 implementation, giving a reduction in equity net tax of DKK 0,1m.

Nordic organization
In 2019 the Bank continued its transformation toward a full Nordic organization by building the future Nordic setup and investing in the organization and underlying IT-structure.

Capital adequacy ratio
The bank´s capital base, less deductions, amounts to DKK 2.134m (including Tier1 and Tier2) and the capital adequacy ratio amounts to 19.8% at the end of 2019.

The bank´s solvency need was calculated to be DKK 1.115, at the end of 2019, corresponding to 10,34% of the risk-weighted assets. Compared with the actual capital base of DKK 2.134 including T1 capital and the capital adequacy ratio of 19,78%, the excess solvency is DKK 1.018 (10,14%), which is sufficient to cover the Capital Conservation 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 2019 except for the interest on the Additional Tier 1 capital of DKK 15,8m.

Changes in accounting principles

IFRS 16
Due to changes in local regulation on leasing, deriving from the changes of IFRS 16, the methodology for measuring and classification of lease contracts have changed.
Following the changes of the methodology the value of the Right of Use on operational leases for cars and premises have been capitalized to be amortized over the residual leasing period and the obligation on the leasing debt has been accounted for in the liabilities.

The change has been implemented from 1st of January 2019, and the change from IAS17 to IFRS 16 applying modified retrospective approach methodology has impacted the opening balance with DKK 9,0m as leasing assets and DKK 9,1m as leasing debt before taxes.

The net effect DKK 0,1m ex deferred tax is recognized as an equity adjustment.

Gender under-representation
The Board of Directors elected by the general meeting of the bank account for no female board members, 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 13 for description of our CSR policy.

Post balance sheet events
We refer to the outlook for 2020. No other events have occurred after the end of the financial year 2019, which could affect the assessment of the Annual Report.

Outlook for 2020
In 2020, The Bank will further continue its transformation toward a Nordic organization which aims at better serving its Nordic partners and customers. The focus of the transformation process in 2020 will be on aligning the Nordic IT platform throughout all entities.

The occurrence of COVID-19 epidemic is expected to impact our company, our business and thus potentially the financial result of 2020. See also note on the subsequent events.
At the time of publishing this annual report, we are still in the beginning of the epidemic, which makes it extremely difficult to predict the global magnitude of its impact.
Our mission remains unchanged. We continue to focus on serving our clients to make sure that we support customers who want to realize projects, as well as, offer the best possible solutions and conditions for customers, who may eventually suffer from payment difficulties.
Simultaneously, we continue to be equally dedicated to our partners, being in retail and brokerage business, supporting them best way possible in these severely challenging times.

As a consequence the bank is expecting a moderate growth in all the Nordic market.
In 2020 the bank will continue to have a strong focus on the collection and risk program, and is expected to deliver a result in line with 2019. The forecast is subject to uncertainty and macroeconomic development.

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 only have limited deposit accounts, therefore, the benchmark as to the funding ratio will exceed the limit value fixed by the Danish FSA, if the calculation of the bank´s business model is not adjusted. Ekspres Bank calculates internal funding ratio using model, which includes committed and uncommitted credit lines. The table below shows the calculation of both funding ratios, in order to get a quick insight into the bank´s real value.

As of 31 December 2019, 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 < 175%	0%	< 175%
2. benchmark -> Lending growth < 20%	16,2%	< 20%
3. benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. benchmark -> Funding ratio < 1	1,70	< 1,00
*4. benchmark -> Funding ratio < 1 **	*0,54*	*< 1,00*
5. benchmark -> Liquidity ratio > 100 pct.	3,87	> 1,00

White lines = Ekspres Bank *

Green area = Limit values

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

Solvency

(DKK '000)	2019	2018
Equity	1.856.831	1.709.377
Intangible assets	-342.156	-290.851
IFRS9 phasing	74.329	84.179
Total core capital after deductions	1.589.005	1.502.704
Additional T1 loan capital	189.491	188.358
Total T1 capital after deductions	1.778.496	1.691.062
Subordinated loan capital after deductions	365.000	290.000
Investments, etc.	9.807	0
Total capital base after deductions	2.133.689	1.981.062
Total weighted items	10.784.931	9.359.966
Solvency ratio	19,8	21,2

The Banks capital base, less deductions, amounts to DKK 2.133m, at the end of 2019. The Banks capital adequacy ratio amounts to 19,8% in the end of 2019.

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)*	2019	2018	2017	2016	2015
Net interest and fee income	866.748	779.248	634.305	474.796	467.781
Market value adjustments	6.360	1.263	-3.182	5.611	-2.171
Staff costs and administrative expenses	380.405	351.325	310.228	204.760	183.588
Write-down of loans and receivables, etc.	279.264	158.013	15.628	87.039	128.900
Net profit for the year	162.665	211.310	234.386	158.001	109.257
Loans	12.376.605	10.654.044	9.517.088	3.924.427	3.517.291
Deposits	4.881.467	4.118.927	4.558.803	0	0
Equity	2.046.322	1.897.735	1.467.798	618.463	648.845
Total assets	13.736.979	12.270.471	11.357.809	4.234.971	3.768.924

Ratios *(DKK '000)**	2019	2018	2017	2016	2015
Capital base	2.133.689	1.981.062	1.480.497	774.199	589.863
Solvency ratio	19,8	21,2	17,9	20,8	17,5
Core capital ratio	16,4	18,1	14,4	16,3	17,5
Return on equity before tax	10,4	16,2	29,1	31,3	24,1
Return on equity after tax	8,2	12,6	22,5	24,9	17,7
Income/cost ratio	1,3	1,5	1,9	1,7	1,5
Interest-rate risk	-3,1	-3,6	-2,5	-5,2	-4,8
Currency position	0,0	0,0	0,0	0,0	0,0
Currency risk	0,0	0,0	0,0	0,0	0,0
Loans relative to deposits	0,4	0,4	0,5	-	-
Gearing of loans, end of year	6,0	5,6	6,5	6,3	5,4
Annual growth in loans	16,2	11,9	142,5	11,6	11,1
*Excess cover relative to statutory liquidity requirements***	387,0	411,3	142,4	127,6	183,7
Total amount of large exposures	0,0	0,0	0,0	0,0	0,0
Net impairment ratio	2,2	1,4	0,2	2,0	3,4
Return on assets	1,2	1,7	2,1	3,7	2,9

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

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

Income statement and comprehensive income

(DKK '000)	Note	2019	2018
Interest income	1	895.267	808.101
Interest expenses	2	143.913	143.879
Net interest income		751.354	664.222
Fees and commission income	3	167.227	167.756
Fees and commission paid		51.833	52.730
Net interest and fee income		866.748	779.248
Market value adjustments	4	6.360	1.263
Other operating income	5	7.562	6.535
Staff costs and administrative expenses	6	380.405	351.325
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		16.709	5.774
Impairment losses, loans and receivables, etc.	12	279.264	158.013
Profit before tax		204.292	271.934
Tax	13	41.627	60.624
Profit for the year		162.665	211.310
Other comprehensive income after tax		683	-640
Total comprehensive income		163.348	210.670

Reccommended appropriation of profit

Profit for the year	162.665	211.310
Profit retained from previous years	854.377	644.189
Exchange-rate adjustment	683	-640
Total amount to be appropriated	1.017.724	854.859
Proposed dividend	0	0
Additional T1 capital interest	15.762	482
Transferred to equity	1.001.962	854.377
Total amount appropriated	1.017.724	854.859

Balance sheet

(DKK '000)	Note	2019	2018
Assets			
Cash in hand and demand deposits with central banks		20	12
Receivables from credit institutions and central banks	14	477.895	370.343
Loans and other receivables at amortised cost	15	12.376.605	10.654.044
Investment securities		5.987	4.367
Investments in affiliated undertakings	8	9.807	0
Goodwill	9	243.581	251.944
Other intangible assets	10	98.575	38.907
Property, plant and equipment	11	24.821	3.569
Current tax assets		11.597	0
Other assets	17	149.022	675.887
Prepayments		339.069	271.398
Total assets		13.736.979	12.270.471

Balance sheet

(DKK '000)	Note	2019	2018
Liabilities			
Amounts due			
Due to credit institutions and central banks	18	6.161.498	5.702.136
Deposits from customers	20	4.881.467	4.118.927
Current tax liabilities		0	10.780
Other liabilities	19	144.974	119.801
Deferred income		119.014	122.249
Total amounts due		11.306.953	10.073.893
Provisions for liabilities			
Provisions for deferred tax	16	18.704	8.843
Total provisions for liabilities		18.704	8.843
Subordinated debt			
Subordinated loans	21	365.000	290.000
Equity			
Share capital		239.500	239.500
Share premium		615.500	615.500
Retained earnings or loss brought forward		1.001.831	854.377
Additional T1 equity	21	189.491	188.358
Total equity		2.046.322	1.897.735
Total liabilities and equity		13.736.979	12.270.471

Other notes

Statement of changes in equity

(DKK '000)	Share capital	Share premium	Retained earnings	Proposed dividends	Total	Additio-nal Tier 1 capital	Total
Equity, beginning of 2018	**221.162**	**513.838**	**732.798**	**0**	**1.467.798**	**0**	**1.467.798**
Capital increase	18.338	101.662	0	0	120.000	0	120.000
Correction Of Previous Years Results			-88.609		-88.609		-88.609
Profit for the year	0	0	211.310	0	211.310	0	211.310
Other comprehensive income							
Translation of units outside Denmark	0	0	-640	0	-640	0	-640
Total other comprehensive income	0	0	-640	0	-640	0	-640
Total comprehensive income for the year	0	0	210.670	0	210.670	0	210.670
Additional T1 capital							
Additional T1 capital increase						188.358	188.358
Additional T1 capital interest			-482		-482		-482
Transactions with the owners							
Dividends distributed	0	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0	0
Equity, end of 2018	**239.500**	**615.500**	**854.377**	**0**	**1.709.377**	**188.358**	**1.897.735**

(DKK '000)	Share capital	Share premium	Retained earnings	Proposed dividends	Total	Additio-nal Tier 1 capital	Total
Equity, beginning of 2019	**239.500**	**615.500**	**854.377**	**0**	**1.709.377**	**188.358**	**1.897.735**
Capital increase	0	0	0	0	0	0	0
Correction Of Previous Years Results	0	0	-131	0	-131	0	-131
Profit for the year	0	0	162.665	0	162.665	0	162.665
Other comprehensive income							
Translation of units outside Denmark	0	0	683	0	683	0	683
Total other comprehensive income	0	0	683	0	683	0	683
Total comprehensive income for the year	0	0	163.348	0	163.348	0	163.348
Additional T1 capital							
T1 currency revaluation	0	0	0	0	0	1.133	1.133
T1 capital interest	0	0	-15.762	0	-15.762	0	-15.762
Transactions with the owners							
Dividends distributed	0	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0	0
Equity, end of 2019	**239.500**	**615.500**	**1.001.831**	**0**	**1.856.831**	**189.491**	**2.046.322**

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

Notes to the financial statements

Basis of preparation
The annual report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. (‘the Executive Order’).

IFRS 16 leasing
Due to changes in local regulation on leasing, deriving from the changes of IFRS 16, the methodology for measuring and classification of lease contracts are changing. The standard on IFRS 16 on leases published in January 2016 supersedes the IAS 17 standard. The new definition of a lease contract implies, on one hand the identification of a lease asset and on the other, the control of the Right of Use (ROU) by the Lessor.

From a lessor point of view, the impact of the IFRS 16 is limited as the new standard substantially carries forward lessor accounting principles defined in IAS 17.

From a lessee point of view, the new standard stipulates the booking in lessee’s balance sheet of all the leasing contracts in the form of Right of Use of the leased asset booked under tangibles and the leases (and related payments) as a Liability during the entire lease period. The ROU asset will be amortized and the leases payments in Liabilities will be capitalized during the entire lease period. At this point in time Ekspres Bank only acts as a lessee.

IFRS 16 changes all lease contracts that according to previous standards IAS 17 were defined as simple operational lease and which were not reported on the balance sheet.
Implementation of the changes are required from January 1st 2020. Ekspres Bank has chosen to implement the changes from January 1st 2019. The impact of the changes are described in the management review.

Besides from the changes due to IFRS16, the accounting policies are consistent with those of last year.

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 accounting estimates are based on assumptions which, according to management, are reasonable, but inherently uncertain. The estimates and assumptions are based on historical experience and a range of other factors considered reasonable given the prevailing circumstances. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made and the future periods affected.

The estimates most critical to the financial reporting are the impairment charges for loans and goodwill measurement and are presented in the following sections.

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 foreign branches are taken directly to equity.

Notes to the financial statements

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 amortized 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.

Loans and advances
After initial recognition, amounts due to the bank are measured at amortized cost less impairment losses (see section on financial assets at amortized cost).

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

Measurement of goodwill
Goodwill is tested for impairment annually as to whether there is an indications of impairment, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognized, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount. Recoverable amount is based on an estimate of the future cash flows to be generated by the unit, derived from the annual forecasts and discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

Notes to the financial statements

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 five years.

Expenses for developing systems to achieve new or improved processes are recognized as an asset in the balance sheet, if the process is technically and commercially usable and sufficient resources exist to complete the development and future use of the intangible asset.

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 objective 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, 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 six years.

Loans and impairment

Classification and measurement
According to IFRS 9, classification and measurement of financial assets depend on the business model and the contractual characteristics of the instruments. On initial recognition, financial assets is measured at amortized cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

- ***Financial assets at amortized cost***
  Financial assets are classified at amortized cost if both of the following criteria are met: the business model objective is to hold the financial instrument in order to collect contractual cash flows (collection business model) and the cash flows consist solely of payments relating to principal and interest on the principal.
  Disposal of portfolios close to the maturity date and for an amount close to the remaining contractual cash flows or due to a credit risk increase of the customer (debt sale of non-performing portfolio) is compatible with a "collection" business model. Sales imposed by regulatory constraints or to manage the concentration of credit risk (without increasing credit risk) are also compatible with this management model as long as they are infrequent or insignificant in value.

  Upon initial recognition, these financial assets are recognized at fair value, including transaction costs directly attributable to the transaction and commissions related to the provision of loans. They are subsequently measured at amortized cost, including accrued interest and net of principal repayments and interest payments made during the period.
  These financial assets are also initially subject to an impairment calculation for expected credit risk losses (see impairment note).
  Interest is calculated using the effective interest rate method determined at the inception of the contract.

- ***Financial asset at fair value through shareholders' equity***
  Financial assets are classified in this category if the business model is achieved by both holding the financial assets in order to collect contractual cash flows and selling the assets and if the cash flows solely consist of payments relating to principal and interest on the principal.
  Upon disposal, amounts previously recognized in shareholders' equity is transferred to profit or loss.

- ***Financial assets at fair value through profit or loss***
  All debt instruments not eligible for classification at amortized cost or at fair value through shareholders' equity is presented at fair value through profit or loss.
  Investments in equity instruments such as shares is also classified as instruments at fair value through profit or loss,

Impairment

Ekspres Banks credit risk impairment model is based on expected losses. This model applies to loans and debt instruments classified at amortized cost or equity market value, loan commitments and financial guarantee contracts that are not booked at fair value, as well as to trade receivables.

General impairment model

Ekspres Bank identifies three *stages" each corresponding to a specific situation with respect to the evolution of the credit risk of the counterparty since the initial recognition of the asset.

- Expected credit losses at 12 months ("stage 1"): if, at closing date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is subject to a provision for depreciation for an amount equal to expected credit losses at 12 months (resulting from risks of default in the next 12 months).

- Expected credit losses at maturity for non-impaired assets ("stage 2"): the provision for depreciation is measured for an amount equal to the expected credit losses over the full lifetime (at maturity) if the credit risk of the financial instrument has increased significantly since initial recognition without the financial asset being impaired.

- Expected credit losses at maturity for impaired financial assets ("stage 3"): when an asset is impaired, the provision for depreciation is measured for an amount equal to the expected credit losses at maturity.

This general model is applied to all instruments in the scope of the impairment of IFRS 9, except for impaired assets as soon as they are acquired or issued and instruments for which a simplified model is used (see below).

The expected credit loss approach under IFRS 9 is symmetrical, meaning that if some expected credit losses at maturity have been recognized in a previous closing period, and if there is no longer any indication of significant increase in credit risk for the financial instrument during the current closing period since its initial recognition, then the provision is calculated on the basis of expected credit losses at 12 months.

Impaired financial assets

A financial asset is impaired and classified as "stage 3" when one or more events that have a negative impact on the future cash flows of that financial asset have occurred.
At the individual level, an objective indication of impairment includes any observable data relating to the following events:

- the existence of unpaid installment for at least 90 days:
- the knowledge or observation of significant financial difficulties of the customer indicating the existence of a credit risk, even if there is no unpaid installment,
- concessions granted to the terms and condition of the loans, which would not have been granted in the absence of financial difficulties of the customer

Simplified model

The simplified model consists of recognizing a provision for depreciation on the basis of a credit loss expected at maturity from the beginning and reassessed at closing date. Ekspres Bank applies this model to trade receivables with a maturity of less than 12 months.

Notes to the financial statements

Significant increase in credit risk
Significant increase in the credit risk will be assessed on an individual basis or on a collective basis (by grouping the financial instruments according to common credit risk characteristics) by taking into consideration all reasonable and supportable information and comparing the default risk of the financial instrument at the closing date with the default risk on the date of its initial recognition.
Assessment of deterioration will be measured by comparing probability of default/ratings on the date of initial recognition and those existing at the reporting date.

Under the standard, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

In the specific business of consumer credit, the assessment of deterioration is also based on the existence of a payment incident that has been regularized but occurred during the last 12 months and measures of forbearance granted to a client during the last 36 months.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses (ie. the present value of cash shortfalls) over the expected lifetime of the financial instrument.

- In practice, for exposures classified in stage 1 and stage 2, the expected credit losses are calculated as the product of the probability of default ("PD"), the loss given default ("LGD") and the Exposure at Default ("EAD") discounted at the effective interest rate of the exposure. They result from the risk of default in the next 12 months (stage 1) or the risk of default over the lifetime of the exposure (stage 2).
  In the specific business of consumer finance and given the characteristics of the portfolios, the method used by Ekspres Bank is based on probabilities of transition into the default stage and on discounted loss rates at default. Calculation of the parameters are made statistically by homogeneous population.

- For exposures classified in stage 3, the expected credit losses are calculated as the discounted value at the effective interest rate of the cash shortfall over the life of the instrument. Cash shortfall is the difference between the cash flows that are due by the customer in accordance with the contract and the cash flow that the bank is expects to receive.

The resulting impairment losses are recognized in the income statement under "Impairment losses on loans and receivables".

Other assets
In addition to the positive market value of derivatives, this item comprises accrued interest income on loans and excess payment made to the Swedish tax authority.

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, central banks and deposits
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 debt.

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

Notes to the financial statements

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.

Additional Tier 1 capital
Additional tier 1 capital comprises of deeply subordinated capital instruments and guarantor capital which, in the case of extreme liquidity stress and loss of capital, will be converted into ordinary capital, and 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, additional tier 1 capital is measured at amortized cost.
As the additional tier 1 capital qualifies as an equity instrument, the interest paid and accrued on the additional tier 1 capital is recognized in the financial statement as dividend.

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.

Notes to the financial statements

(DKK '000)	2019	2018

Financial highlights

Financial highlights are shown on page 22

1 Interest income

Loans and other receivables	895.268	806.971
Other interest income	-1	1.130
Total	895.267	808.101

Ekspres Bank does not provide segment disclosures, as the bank exclusively operates in the Nordic within a uniform customer group with a range of different products in the same category.

Other interest income relates to refunds from tax authorities.

2 Interest expenses

Credit institutions and central banks	96.257	102.428
Deposits	38.791	31.151
Derivatives, total	1.385	2.859
Thereof concerning:		
Interest-rate agreements	1.385	2.859
Leasing	168	0
Subordinated loans	7.312	7.441
Total	143.913	143.879

3 Fees and commission income

Payment service fees	23.012	26.165
Other fees and commission income	144.215	141.591
Total	167.227	167.756

4 Market value adjustments

Fair Value adjustment subsidiaries	7.893	0
Currency exchange	-2.622	447
Derivatives	1.089	816
Total	6.360	1.263

Notes to the financial statements

(DKK '000)	2019	2018

5 Other operating income

	2019	2018
Income from VISA shares	1.650	983
Other income	5.912	5.552
Total	7.562	6.535

Other operating income maily relates to VAT refunds from prior years.

6 Staff costs and administrative expenses

Staff costs and administrative expenses

	2019	2018
Wages and salaries	153.515	137.360
Pension	17.371	14.972
Social security costs	35.288	30.175
Total	206.174	182.507
Other administrative expenses	174.231	168.448
Total staff costs and administrative expenses	380.405	350.955

Number of employees

	2019	2018
Average number of full-time employees during the financial year	251	217
Executive Board	1	1
Employees whose activities have a significant impact on the bank's risk profile	23	9
Board of Directors	12	11

Salary and remuneration paid to Executives Board and Board of Directors

	2019	2018
Executive Board		
Christophe Jehan	3.113	3.256
Thereof variable salary	304	458
Employees whose activities have a significant impact on the bank's risk profile	31.388	16.426
Thereof variable salary	2.673	1.530
Board of Directors		
Michael Ravbjerg Lundgaard	137	109
John Poulsen	549	468
Magnus Beer, from February 2019	193	0
Total	35.380	20.258

The group of Material Risk Takers have been redefined in 2019, to also include employee elected board members, head of support functions, managers of control functions and internal audit.

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

Notes to the financial statements

(DKK '000)	2019	2018

6 Staff costs and administrative expenses (continued)

Loans to management		
Executive Board	0	0
Board of Directors	852	831
Security for loans, etc.	0	0
Total	852	831

7 Audit fees

Total fee to the auditors appointed by the general assembly who perform statutory audit	1.480	1.620
Thereof concerning statutory audit	1.385	1.438
Thereof concerning fees for other assurance assistance	65	68
Thereof concerning tax advice	10	10
Thereof concerning other services	20	105

8 Investments in affiliated undertakings

Investments in affiliated undertakings, beginning of year	0	0
Additions in the year	1.914	0
Investments in affiliated undertakings, end of year	1.914	0
Amortisation and value adjustments, beginning of year	0	0
Result of the year	0	0
Fair Value adjustment	7.893	0
Amortisation and value adjustments, end of year	7.893	0
Carrying amount, end of year	9.807	0

9 Goodwill

Goodwill, beginning of year	251.944	259.184
Foreign exchange adjustment	-8.363	-7.240
Additions in the year	0	0
Cost, end of year	243.581	251.944
Amortisation and impairment losses, beginning of year	0	0
Amortisation and impairment losses, end of year	0	0
Carrying amount, end of year	243.581	251.944

Notes to the financial statements

(DKK '000)	2019	2018

10 Other intangible assets

Cost, beginning of year	163.071	135.923
Foreign exchange adjustment	-2.259	-1.521
Additions in the year	69.067	31.385
Disposals in the year	10	1.730
Transfers	0	-985
Cost, end of year	229.868	163.071
Amortisation and impairment losses, beginning of year	124.165	121.219
Amortisation and impairment losses at aquisition of activities	0	0
Foreign exchange adjustment	-1.582	-1.435
Amortisation for the year	8.711	4.380
Amortisation and impairment losses, end of year	131.294	124.165
Carrying amount, end of year	98.575	38.907

11 Property, plant and equipment

Cost, beginning of year	11.664	14.818
IFRS 16 leasing adjustments beginning of year	49.403	0
Foreign exchange adjustment	-242	-280
Additions in the year	1.666	695
Disposals in the year	1.121	3.875
Transfers	0	306
Cost, end of year	61.369	11.664
Depreciation and impairment losses, beginning of year	8.094	10.715
IFRS 16 leasing adjustments beggining of year	21.684	0
Foreign exchange adjustment	-163	-181
Amortisation for the year	8.054	1.416
Reversal of amortisation charges and impairment losses	-1.121	-3.856
Depreciation and impairment losses, end of year	36.548	8.094
Carrying amount, end of year	24.821	3.569

At the end of year 2019 leasing contracts were mainly related to office premises (carrying amount of 20.566 mDKK) and company cars (carrying amount of 1.608 mDKK).

Notes to the financial statements

(DKK '000)	2019	2018

12 Write-downs on loans and receivables

Individual impairment losses during the year	474.738	303.977
Reversal of individual impairment losses recognised in previous years	-191.958	-155.565
Reversal of group impairment losses recognised in previous years	0	-703
Final loss on debt previously written down	27.858	41.445
Loss on debt not previously written down	0	0
Amounts received, previously written-off debt	-31.115	-36.372
Other movements	-259	5.231
Total	279.264	158.013

13 Tax

Estimated current tax for the year	30.186	42.734
Deferred tax	9.863	18.384
Adjustment of estimated tax in prior years	1.578	-494
Total	41.627	60.624
Current tax rate	22,0%	22,0%

Tax for the year comprises:

Profit before tax and affiliated undertakings	204.292	271.934
Statutory income tax rate of 22%	44.944	59.825
Adjustment of prior years' income tax	1.578	-493
Local Norwegian current tax	162	129
Effect of lower tax rates	-39	0
Effect of different tax rates in other countries	-533	18
Non-taxable income, Fair Value Subsidiaries	-1.736	0
Non-deductible expenses	719	1.269
Tax liability additional T1 capital interest	-3.468	-106
Foreign exchange adjustments	-1	-18
Total	41.627	60.624
Effective tax rate	20,38%	22,29%

Notes to the financial statements

(DKK '000)	2019	2018

14 Receivables from credit institutions and central banks

Receivables from credit institutions	477.895	370.343
Total	477.895	370.343

Distribution of terms by maturity

Receivables from credit institutions and central banks		
Overnight	477.895	370.343
Up to three months	0	0
Total	477.895	370.343

15 Loans and other receivables at amortised cost

Overnight	0	0
Up to three months	2.493.402	2.098.654
From three months to one year	2.731.442	1.391.450
From one year to five years	2.534.745	3.258.866
More than five years	4.617.016	3.905.074
Total	12.376.605	10.654.044

Loans, other receivables and guarantees broken down by sector (%)		
Private	100	100
Total	100	100

Notes to the financial statements

(DKK '000)	2019	2018

16 Deferred tax

Intangible assets	-7.338	-4.069
Tangible assets	-325	163
Other	-11.041	-4.937
Total	-18.704	-8.843

17 Other assets

Positive market value of derivative financial instruments	1.753	1.371
Interest and commission receivables	30.325	27.702
Other assets	29.157	39.648
Tax account	87.787	607.166
Total	149.022	675.887

18 Due to credit institutions and central banks

Overnight	0	0
Up to three months	983.259	1.168.379
From three months to one year	2.166.632	1.615.787
From one year to five years	2.885.835	2.614.190
More than five years	125.772	303.779
Total	6.161.498	5.702.136

19 Other liabilities

Negative market value of derivatives	923	1.637
Leasing liabilities	22.270	0
Accrued interest	24.199	21.688
Other liabilities	97.582	96.476
Total	144.974	119.801

Notes to the financial statements

(DKK '000)	2019	2018

20 Deposits from the public

Deposits from the public broken down by maturity		
Overnight	3.987.220	3.639.758
Up to three months	380.729	110.872
From three months to one year	173.633	211.277
From one year to five years	339.885	157.020
Total	4.881.467	4.118.927

** All deposits are interest- bearing*

Deposit from the public broken down by interest-rate terms of contract		
*Deposits with fixed interest terms up to 36 months***	926.019	586.694
Deposits with transactions/ movements in the account	3.955.449	3.532.233
Total	4.881.467	4.118.927

***This type is also withdrawable against a fee*

Deposits from the public broken down by sector		
Households	4.880.029	4.089.706
Corporate	1.438	29.221
Total	4.881.467	4.118.927

Notes to the financial statements

(DKK '000)	2019	2018

21 Subordinated debt

Subordinated debt

Loan - Nominal	***Start date***	***Maturity date***	***Interest rate***	***Currency***	**2019**	**2018**
Loan 1 - 165.000	*27-06-2016*	*09-07-2026*	*CIBOR 3M +2,28%*	*DKK*	165.000	165.000
Loan 2 - 125.000	*29-05-2017*	*09-06-2027*	*CIBOR 3M +3,25%*	*DKK*	125.000	125.000
Loan 3 - 75.000	*19-12-2019*	*19-12-2029*	*CIBOR 3M + 2,00%*	*DKK*	75.000	0
Total					365.000	290.000

The subordinated loans are qualified as Tier 2 instruments pursuant CRR regulation.

In year 2019 the interest costs due to subordianted loans were in amount of 7,31 MDKK.

Additional Tier 1 loan

Loan - Nominal	***Start date***	***Maturity date***	***Interest rate***	***Currency***	**2019**	**2018**
T1 Loan - 250.000	*19-12-2018*	*perpetual*	*NIBOR 3M+liquidity cost+subordinated spread*	*NOK*	250.000	250.000

The deeply subordinated loans are qualified as Tier 1 instrument and part of equity pursuant CRR regulation.

The additional Tier 1 capital will be written down if the common equity tier 1 (CET 1) ratio falls below 7% for Ekspres Bank.
In year 2019 the interest costs due to additional tier 1 loans were in amount of 15,76 MDKK.

Notes to the financial statements

(DKK '000)	2019	2018

22 Credit risk

Loans and other receivables at fair value and amortised cost distributed on sectors		
Private	12.376.605	10.654.044
Total	12.376.605	10.654.044

Impairment of objectively impaired loans and receivables, individual		
Accumulated impairment losses, beginning of year	381.109	265.423
Effect of FTA adjustment IFRS9	0	113.685
Reclassification from loans	0	0
Other	-2.954	0
Changes in the year:		
Individual impairment losses in the year	474.738	303.977
Reversal of individual impairment losses recognised in prior years	-191.958	-155.565
Impairment provisions used and derecognised at disposal	-151.168	-146.410
Accumulated impairment losses, end of year	509.767	381.109

Collective impairment losses loans and receivables		
Accumulated impairment losses, beginning of year	0	700
Changes in the year:		
Reversal of collective impairment losses recognised in prior years	0	-703
Other movements	0	3
Accumulated impairment losses, end of year	0	0

Notes to the financial statements

(DKK '000) **2019**

22 Credit risk (continued)

Loans and other receivables distributed in stages

	Stage 1	***Stage 2***	***Stage 3***	***Total***
Private	11.281.057	819.244	276.304	12.376.605
Total	11.281.057	819.244	276.304	12.376.605

Credit risk

The bank's primary risk is the credit area. The maximum loan granted to private individuals is DKK 500.000 000 in local currency in Denmark, Norway and Sweden. 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. We use a dynamic documentation request depending on the customer scores and requested amounts in the applications.

If a loan falls into arrears, it will go through a well-defined 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 at the time of booking, 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).

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)

22 Credit risk (continued)

FSA categ.	*IFRS 9 strata*	*Description categories*	Stage 1	Stage 2	Stage 3	Total
	1	*Performing Exposures- "Pure"*	11.045.522			
	2	*Never NPE but with Past-due exposures more than 12 months ago*	210.920			
2a		Total	11.256.443			11.256.443
	3	*Past-due exposures in the last 12 months and never Non Performing*		308.123		
	4	*PE with Forbereance*		75.713		
	5	*PE without past-due in the last 12 months and without Forbeareance but has been flagged as NPE in the last 12 months*	24.614			
	6	*NPE, not Forbereance but with past-due in the last 12 months*		11.871		
	7	*NPE without arrears*		228.891		
	8	*Exposures 30 days delinquent never NPE*		49.023		
	9	*Exposures 30 days delinquent and previously NPE more than 12 months ago*		5.635		
	10	*Exposures 30 days delinquent and previously NPE in the last 12 months*		30.281		
2b		Total	24.614	709.538		734.152
	11	*Exposures more than 30 days delinquent but never NPE*		81.388		
	12	*Exposures more 30 days delinquent and previously NPE more than 12 months ago*		2.842		
	13	*Exposures more than 30 days delinquent and previously NPE in the previous 12 months*		25.477		
	15	*Exposures with restructuring*				
2c		Total	-	109.707	-	109.707
1	17	Litigation			276.304	276.304
Total			11.281.057	819.244	276.304	12.376.605

Notes to the financial statements

(DKK '000)

22 Credit risk (continued)

The internal rating of the Bank is a model developed by BNPP Paribas Personal Finance for usage by the entities of Personal Finance. It classifies the customers according to a combination of Arrears status, NPE (Non-Performing) indicator, FBE (Forbearance) indicator and Litigation process. This results in a set of different stratifications, which are the basis for provisioning. A bridge is made between these stratifications and the FSA grading categories thus:

- ***Category 1 (Indicators of Impairment):***
  This category is linked to all clients who have an Indication of Impairment, eg. by being in default, undergoing a debt restructuring or deceased customer process. It thus covers all accounts which are proven highly vulnerable. No granting is made to these customers.

- ***Category 2c (High risk):***
  This category is linked to clients who are right now in significant arrears, and thus at high risk of defaulting, but not yet defaulted. No granting is made to these customers.

- ***Category 2b: (Medium risk):***
  This category is applied for customers where there has been historical arrears, or the client is presently in early arrears. No granting is made to the customers where the arrears are recent (< 6 months ago).

- ***Category 2a: (Low risk):***
  This category is used for clients where there are no arrears, either present or recent, and the customer is otherwise in good standing with no Forbearance or Non-Performing indications. Granting can be made to these customers provided they fulfill the ordinary granting requirements.

- ***Category 3: (No risk):***
  This category is grouped together with Category 2a.

This bridging ensures that there is a link between the provisioning applied in the accounting books of Ekspres Bank, and the reporting on the FSA grading.
This categorization is updated monthly for the complete portfolio.

Changes in impairment Credit Risk

Impairment movements per stage	Stage 1	Stage 2	Stage 3	Total
Impairment at the begining of the year	(96.654)	(127.022)	(157.306)	(380.981)
Derecognition including disposals	42.702	116.652	170.674	330.028
Transfer to Stage 1	(1.971)	11.633	(0)	9.661
Transfer to Stage 2	11.927	(259.096)	31.442	(215.727)
Transfer to Stage 3	154	117.788	(172.883)	(54.940)
Origination	(70.312)	(10.281)	(116)	(80.709)
Impairment provisions used	1.138	2.180	10.032	13.351
Change without transfer	13.056	(42.042)	(106.233)	(135.219)
Others	(500)	1.619	3.651	4.770
Impairment at the end of the year	(100.459)	(188.570)	(220.738)	(509.767)

Notes to the financial statements

(DKK '000)

23 Interest-rate risk

Derivative financial instruments

SWAPS	2019				2018	
	Nominal value	*Net market value*	*Positive market value*	*Negative market value*	*Nominal value*	*Net market value*
Interest-rate agreement	645.606	831	1.753	-923	997.811	-267

According to the definition by the Danish Financial Supervisory Authority (DFSA) the bank's interest-rate risk amounts to -3,1% (2018: -3,6%) 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 attempt, as far as possible, to hedge its portfolio by means of derivative financial instruments.

24 Cash flow risk

Since the bank is only partly funded from the market through deposits and partly by the parent company BNP Paribas with whom Ekspres Bank has sufficient contractually committed credit line agreements - for both the Danish, Swedish and 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:
- *raise additional funding from the group*
- *reduce lending*
- *increase interest rates on Swedish deposits*
- *raise additional short-term funding in the interbank market*
- *establish deposits in Denmark and Norway*
- *raise additional subordinated Tier 1 loan*
- *raise additional suordinated loans outside the BNPP group*
- *sale of lending portfolio*

The Board of Directors reviews the bank's liquidity policy and performs all necessary adjustments on the recommendation of the Executive Board.

Notes to the financial statements

(DKK '000)

25 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. Also the goodwill related to the activities in Sweden is hedged via funding in SEK. Thus, the bank has no or a very limited exchange rate risk.

26 Securities lending

	Currency	Nominal value	Market value
Danish government bonds	*TDKK*	188.000	189.683
Norwegian government bonds	*TNOK*	107.000	111.897
Swedish government bonds	*TSEK*	178.000	198.109

Securities are borrowed as a security lending transaction with BNP.

27 Contingent liabilities

	2019	**2018**
Unused credit and loan commitments	1.013.616	741.059
Other contingent liabilities	0	9.514
Total	1.013.616	750.573

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)

28 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

29 Audit committee

Members of the Audit Committee
Michael Ravbjerg Lundgaard
John Poulsen

30 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	**2019**	**2018**
Loans from related parties	6.698.658	6.130.714
Receivables from related parties	156.624	210.924
Interest costs	117.443	107.550
Insurance income	41.264	38.737
Reinvoiced external costs	13.719	7.892

No transactions have been conducted between Ekspres Bank and its ultimate parent, BNP Paribas or other subsidiaries of the BNP group in 2019, except for loans from (2019: MDKK 6.699, 2018: MDKK 6.131), receivables from (2019: 157 MDKK, 2018: MDKK 211), net interest (2019: MDKK 117, 2018: MDKK 108), insurance income (2019: MDKK 41, 2018: MDKK 39), reinvoiced external costs (2019: MDKK 14, 2018: MDKK 8) and the security lending mentioned in note 26.

Notes to the financial statements

(DKK '000)		2019

31 Associated companies

Name and location

Ekspress Bank NUF		
Oslo, Norway	*Share in %*	100
	Average number of employees	10
	*Revenue **	230.455
	Profit before tax	7.972
	Tax	2.566
	Government grants received	0

Ekspress Bank NUF is 100% a branch of Ekspres Bank and consolidated within Ekspres Bank.

Express Bank Sverige Filial		
Kista, Sweden	*Share in %*	100
	Average number of employees	54
	*Revenue **	342.145
	Profit before tax	88.775
	Tax	19.339
	Government grants received	0

Express Bank Sverige Filial is 100% a branch of Ekspres Bank and consolidated within Ekspres Bank.

OVF AB		
Sweden	*Share in %*	100
	Average number of employees	0
	Profit before tax	0
	Government grants received	0

OVF Finans AB was acuired in December 2019 and is a 100% subsidiary of Ekspres Bank.
The financial highlights above for OVF represents the reevaluation of the company end of December, and does not include any operational result from 2019.

** For companies reporting under the Financial Business Act, revenue is defined as interest, fee and commission and other operating income.*

Notes to the financial statements

(DKK '000)

32 Subsequent events

COVID 19

The coronavirus outbreak occurred at a time close to the end of 2019, but the World Health Organisation only characterised it as a pandemic on 11 March 2020. Many governments and regulators have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain area. These measures will affect the global supply chain as well as demand for goods and services and therefore have significant impact to the global growth.

At the same time, fiscal and monetary policies are being relaxed to sustain the economy, and while these government responses and their corresponding effects are still evolving, there is not yet sufficient certainty on the scale of damage this outbreak will have made to the local and global economies.

Financial statements as of 31 December 2019 were prepared on a going concern basis, and this series of events does not provide evidence of conditions that existed at the end of 2019. The management believes however that the outbreak may have more or less severe impacts on 2020 Financial Statements. These will depend on several elements including clients sector, their financial health prior to Covid and the efficiency of the governmental and financial support they will benefit from.

While the effect of these events is largely unpredictable as the pandemic is still spreading, the management expects that they will primarily affect the level of expected credit losses and the valuation of assets. These impacts will be mitigated by the effects of all contra-cyclical measures.