

Capital and Risk Management 2023

Pillar III Disclosure



Ekspres Bank A/S

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Ekspres Bank's annual report on Capital and Risk Management contains an overview over the bank's risk management and capital coverage.

The report has been prepared following the disclosure obligations outlined in Part 8 of the CRR and in accordance with relevant technical standards, including the Commission Implementing Regulation (EU) 2021/637. In CRR context, Ekspres Bank is considered an 'other non-listed institution' implying that disclosure is provided in accordance with the requirements set out in Article 433c (2).

Furthermore, disclosure of information regarding the Internal Capital Adequacy Assessment Process has been prepared in accordance with the requirements set out in Appendix 2 of the Danish *Order on calculation of risk exposures, capital base and solvency needs* (Executive Order no. 2155 of 3 December 2020) including associated guidelines.

A full overview over the bank's specific CRR disclosure requirements, along with reference to where disclosure can be found, is provided in Appendix 1.

The information published in this report concerns all entities of Ekspres Bank A/S (cvr. no. 16917931), including its branches Ekspres Bank NUF and Express Bank Sverige Filial (hereafter collectively referred to as Ekspres Bank or "the bank"). Unless otherwise stated explicitly in the report, the figures represent consolidated information.

The figures in this report have not been audited.

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2023 in brief

Closing the year of 2023 and looking back, the major events of the year underpins a period of change, turbulence and exceptional circumstances.

In the Nordics, the instability has been very visible in financial markets, with increasing costs of living and central banks performing targeted exercises to rein in the inflation back to ECB recommendations. Overall, the household's financial resilience is wearing thinner, and decreasing financial performance has begun to materialise across markets.

In this light, credit risk focus has been an ongoing theme in the bank throughout 2023, with focus on reducing the banks NPL ratio, both in terms of performing a spot sale of the Swedish NPL portfolio as well as ensuring a forward flow agreement in Denmark and reviewing credit rules to enhance performance.

In the late summer of 2023, the Danish Financial Supervisory Authority (DFSA) carried out inspections of the bank and have issued a number of orders in December 2023. Since the issuance of the orders, the bank has worked intensively to improve the areas highlighted in the report covering areas of internal governance (e.g. risk management, compliance and corporate governance) as well as remediating areas concerning credit worthiness. Following the finalisation of the AML screening, the bank now only has the recent orders open to be addressed. The bank aims at having a full closure of the orders within deadlines and has a firm belief that the initiatives put in place will secure the banks operation even further.

Following an extended strenuous period, the bank initiated a strategic review covering both an internal and external review as well as considering a range of market aspects, which resulted in the Board of Directors deciding, on January 23rd, 2024, to suspend operations in Denmark, Norway and Sweden, and initiate a partly stop of the granting process for loans. All other activities of the bank and obligations will remain, including the opening of deposit accounts and the implementation of the new deposit platform.

With initiating the strategic plan, the bank is entering a new phase, and the former deputy CEO to the bank has taking on the position as Nordic CEO as of March 1st, 2024.

With the strong support from of our Board of Directors, we are adamant to deliver on a concrete and secure plan for the bank, ensuring a solid stepping-stone our partners.

Outlook for 2024

In 2024, the bank will follow the strategic decision to prepare the stop of granting of new loans. The loans activity is set to continue in 2024 as the bank wants to honour its contracts and support their partners in this transition period. Some contracts are indeed expected to run until 2028. The deposit activity will remain for now reflecting the bank's commitment to a core operation.

This deliberate and well planned approach to the process underscores our commitment to long-term sustainability, ensuring that all obligations are met.

We will still focus on serving our Nordic retail partners and customers.

2. Our Business

Ekspres Bank is a Nordic digital consumer bank, which aims to help as many people as possible realizing their projects, being large or small, in a responsible way.

Established in 1987 in Denmark, our company started out as a niche player in the Danish market thanks to a cooperation between Handelsbanken and Dansk Supermarked. In 2008, we obtained a banking license and expanded our activities to Norway, followed up by an acquisition of SevenDay AB in Sweden in 2017 to strengthen our position in the Nordics.

Today we run our operation as an independent Nordic entity while being a fully owned subsidiary of BNP Paribas Personal, part of the BNP Paribas Group, present in 65 countries with nearly 185,000 employees. This international support base implies that 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 internal organisation is structured around the Danish supervised Ekspres Bank with branches in Norway and Sweden. We conduct business on the Danish, Swedish and Norwegian market. In Sweden and Norway, the activities are carried out through branches of the bank, and we do not provide cross-border loans in the Nordic region out of Denmark.

Our head office is located in Taastrup. In Sweden, we are represented through an office in Kista, whereas our Norwegian office is located in Oslo.

Our distribution channels are divided into three main categories across the countries: Indirectly via our retail- and brokerage partners, and directly through our digital bank solution, which is branded "Express Bank" in Denmark and Norway, and "SevenDay Bank" in Sweden.

Our commitment is to promote access to more responsible and sustainable consumption to support our customers and partners.

Our business offering is founded on two pillars: To support household plans and budgets for individuals, and to meet the specific need of our partners:

Pillar I: Facilitating personal projects

- Getting projects started with our credit solutions
- Bringing projects to life with our savings solutions
- Safeguarding people, property and money with our insurance policies

Pillar II: Offering services to help our partners with their strategic development plans

- Working towards long-term, shared goals by providing support to partners by roll-out of financial services within retail, e-commerce, banking and insurance.
- Working to develop solutions for each business model, branded or white-label development, and leveraging digital innovation to provide simple, user-friendly customer experiences.
- Interpreting and anticipating innovations, market trends and consumer habits to better guide our partners and help them develop strategies that put customers first.

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.

Three core values underpin our business approach; **Exemplarity, Solidarity and Responsibility.**

The three values are illustrated by four behaviours:

- Give meaning to collective goals
- Foster innovation and agility
- Strengthen cross-functionality and cooperation
- Develop trust

3. Risk Management

This section provides disclosure on point a) in article 435 (1) in CRR, in accordance to instructions in table EU OVA.

Ekspres Bank adheres to the BNP Paribas Group's longstanding risk culture with clear governance across the bank, and where risks are carefully evaluated and managed by all employees in the decisions they make and actions they take every day.

The bank's risk culture involves ensuring that employees understand the risks in their field of work and that risk decisions are taken objectively and with a long-term perspective. The bank's risk culture also implies that employees anticipate and adapt to changes in the risk environment, that they are disciplined with and accountable for the risks they take, and that they report swiftly and transparently all major risk issues to relevant stakeholders.

The risk culture is promoted through training and communication ensuring that awareness of core risk practices in the bank is continuously raised.

3.1 Overall Risk Type Exposure

The bank's core business activities consists of providing unsecured loans and credit facilities to costumers, and consequently credit risk constitutes the bank's principal risk type. Still, the business model also exposes the bank to other financial risks, including market risk and liquidity risk, as well as non-financial risks, such as operational risks, conduct risk, information technology and communication (ICT) risk and compliance risks.

The bank's credit risk, operational risk and market risk are countered by holding sufficient capital while liquidity risk is hedged with an appropriate level of liquidity.

Risks related to environmental, social and corporate governance (ESG) factors are also high-priority risk areas for the bank, and ESG-factors are continuously being integrated in the bank's risk management of both financial and non-financial risks.

For an in-depth description of the bank's risk management within the individual risk areas, please refer to the subsequent sections 5-8 of this report.

3.2 Risk Management Organisation

Ekspres Bank has established an overall management structure consisting of a Board of Directors and an Executive Board, and the risk management of the bank is performed in accordance to the three-lines-of-defence-model as outlined in the following sections.

Board of Directors

The Board of Directors make up the ultimate management body in Ekspres Bank, and is charged with deciding on and performing the overall and strategic management of the bank. Based on the overall strategy and the business model, the Board of Directors formulate the bank's risk appetite (see section 3.3 *Risk Appetite* below) and decide on the bank's risk policies, which set out the overall goals and approach to risk management for the major risk types that the bank is exposed to. The Board of Directors also issues written guidelines to the Executive Board, specifying the mandate and the dispositions that the Executive Board is allowed to make as part of its position.

The Board of Directors of Ekspres Bank counts 12 members, of whom eight are elected at the Annual General Meeting for a term of one year and four are elected by and among the staff for a term of four years. The Boards of Directors must collectively possess a mix of skills required to perform the strategic and overall management of the bank and ensure prudent business management. Furthermore, the board members must hold the knowledge and experience required to be able to critically assess and challenge the work and proposals of the Executive Board. To ensure an appropriate composition of the board, the Board members receive regular training in relevant issues and targeted reporting in relevant areas.

In order to better utilise the board's specific competences, and to ensure an in-depth treatment of the board's material, the Board of Directors have established a Board Risk Committee and a Board Audit Committee.

The Board Risk Committee is established with the purpose of overseeing and preparing advice and recommendations to the Board of Directors on the bank's risk profile and risk strategy, ongoing risk management and other risk-related issues. The Board Risk Committee consists of three members appointed among and by the Board of Directors.

The Board Audit Committee is established with the primary purpose of providing oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations related to the bank's financial reporting. The Board Risk Committee consists of two members appointed among and by the Board of Directors.

Both committees have only a preparatory purpose of reviewing material and preparing recommendations for the Board of Directors. The committees have no independent decision-making authority.

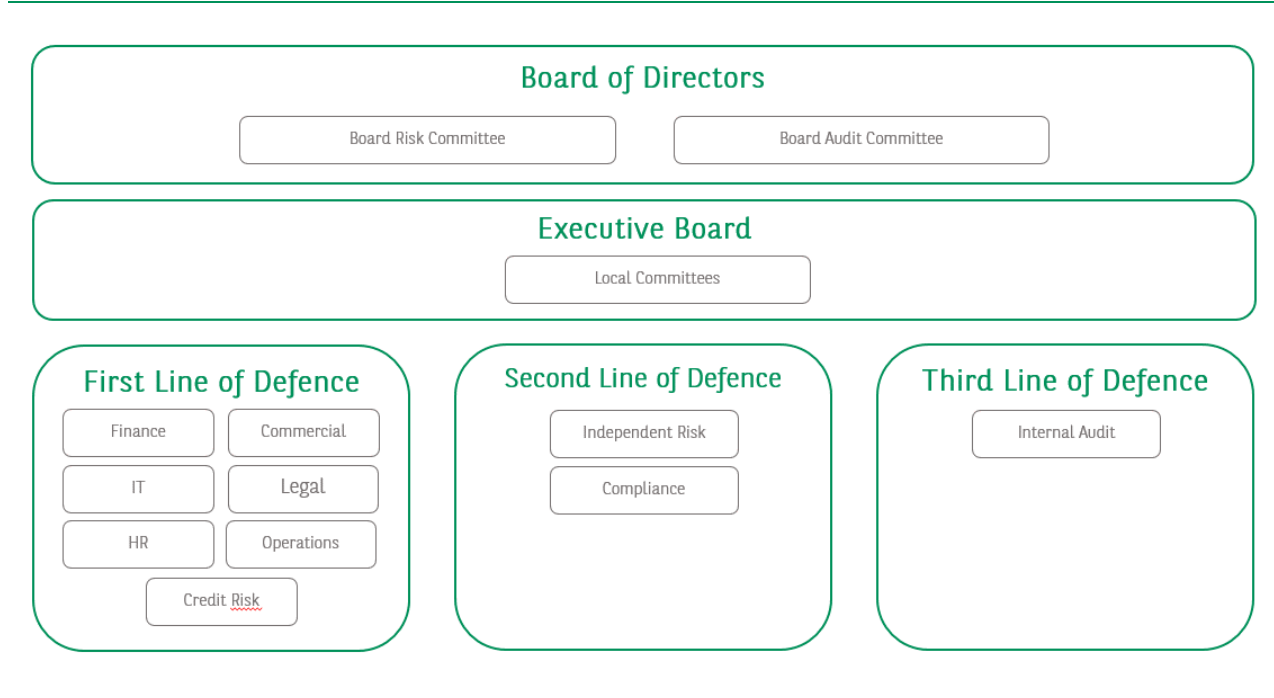
Executive Board

The bank's Executive Board is composed of the Chief Executive Officer (CEO), and is responsible for implementing the bank's risk strategy and the day-to-day risk management of the bank. This includes practical implementing of the risk policies and guidelines adopted by the Board of Directors, e.g. by ensuring that procedures are established for all significant activities in the bank, as well as overseeing that policies and guidelines are adhered to.

To assist in monitoring the bank's risk management, the Executive Board has established a number of local committees generally charged with monitoring and ensuring that risk management within their respective risk area is performed adequately. The committees also prepare risk issues and topics for discussion and consideration by the Executive Board.

The bank's Chief Risk Officer and the Chief Compliance Officer attend committee meetings as observers on a regular basis.

Figure 3.1 Risk Management Organization



Risk management by three lines of defence

The day-to-day risk management in Ekspres Bank is structured in accordance with BNP Paribas Group principles and based on a comprehensive risk management and control framework covering risk awareness and culture, risk identification and anticipation, risk mitigation techniques as well as risk monitoring and governance.

The risk management and control framework is operated in accordance to the principles of the three-lines-of-defence model:

- **The first line of defence (LoD1)** consists of the operational business units; Finance, IT, HR, Credit Risk, Commercial, Global Customer Experience, Legal and Operations. LoD1 are responsible for managing and controlling risks in accordance to the policies and guidelines provided by the Board of Directors and the procedures established by the Executive Board.
- **The second line of defence (LoD2)** consists of the bank's Independent Risk function and the Compliance function. Collectively, the LoD2 functions are responsible for independent monitoring, testing and reporting of risks. The functions regularly assess whether LoD1-activities are sufficient, performed in accordance to procedures and meet the risk profile. The heads of the LoD2-functions, the Chief Risk Officer (CRO) and the Chief Compliance Officer (CCO), are both members of the bank's Executive Management and report directly to the Chief Executive Officer (CEO).

The CRO and the CCO may also contact the Board of Directors directly, and dismissal of the CRO and CCO must be subject to prior approval from the Board of Directors.

- **The third line of defence (LoD3)** entails Internal Audit (IA). IA assesses the adequacy and the effectiveness of the bank's governance, risk management and control system. This includes regularly reviewing both the work performed by LoD2 and how the permanent control framework works within LoD1. IA also assess the adequate implementation of the bank's internal procedures, policies and external regulation.

3.3 Risk Appetite

In order to ensure that the bank's business activities are conducted in a safe, sustainable and sound manner, and also to establish clear connection between the levels and the types of risk that the bank is prepared to accept in pursuit of its strategic objectives, while at the same time ensuring compliance with applicable laws and regulations, the Board of Directors have adopted a set of risk appetite statements covering all the major risk types that the bank is exposed to.

The risk appetite statements describe the principles that must drive decision-making in each risk area and is supported by metrics with corresponding limits within which these risks must remain.

Overall risk appetite statements are stated in the table below.

Table 3.1 Overall risk appetite principles and risk appetite statements

Business Mix & Earnings Volatility	The bank seeks to generate sustainable, client-driven, risk adjusted profits. Sustainable profitability is achieved based on selectivity and controlled evolution of assets, pursuit of a diversified business model, as well as attentive management of the bank's human resources and talents, and a commitment to contribute actively to sustainable growth in light of social and environmental challenges.
Solvency & Risk Adjusted Profitability	The bank holds at all times sufficient capital to meet regulatory capitalization standards and to withstand stress scenarios. The bank seeks to keep risk-weighted assets evolve at a pace commensurate with its strategic objectives and with the capital boundaries within which it operates. In the course of serving its clients, the bank accepts risks when it earns a proper return over an acceptable timeframe and its risk profile is not altered.
Funding & Liquidity Risks	The bank manages its liquidity to maintain a sound structural liquidity position that is resilient to stressed environments, while controlling the dependency on financial markets and ensuring adherence to regulatory requirements. The bank ensures that the diversification and the balance between its resources and uses correspond to a conservative funding strategy, to be able to withstand adverse liquidity scenarios.
Credit Risk	The bank only deals with and provides commitments to clients considered in capacity to repay the contracted debts. Credit decisions to provide commitments to clients are well informed and based on a complete, coherent and up-to-date analysis of the client and of the transaction. This includes analyzing the clients' creditworthiness, understanding the clients' needs on all transactions and checking the adequacy of the proposed transactions with the objectives of clients.
Market Risk	The bank's policy on market risk does not allow the bank to have a trading book. Consequently, market risk is limited to interest rate risk in the banking book (see below) and foreign exchange (FX) risks. The main objective of the bank's market risk management is to stabilize the financial results at a sustainable level over time, while containing risk exposures within limits.
Interest Rate Risk in the Banking Book	The bank manages its Interest Rate Risk in the Banking Book to contribute to stabilize its results at a sustainable level over time while maintaining the exposure to interest rate risk of the banking book's earnings within acceptable limits.
Operational Risk	The bank strives to contain operational risk to acceptable levels by developing and maintaining a comprehensive risk and control management framework covering risk awareness and culture, risk identification and anticipation, risk mitigation techniques, risk monitoring and governance.
Compliance Risk	The bank endeavors to comply with all applicable laws, regulations and rules of ethics, as well as to have effective relationships with the supervisory and regulatory authorities. Accordingly, the bank is committed to implementing an effective management of compliance risk, including dedicated training programs.
Conduct Risk	The bank considers as a top priority the long-term relationships and partnerships built with its customers, employees and shareholders. In pursuit of this objective the bank is committed to acting in a way that protects customers' interests in compliance with all relevant laws, upholding and protecting the integrity of markets and ensuring that a consistent high standard of individual integrity and professional ethics is maintained by all employees.
Information & communication technology (ICT) risk	Information is a key asset for the bank and effective management of ICT risk is vital for safeguarding sensitive and critical information. The bank has adopted a risk taxonomy to focus on and treat its main ICT risks, including risk related to availability and continuity, security, change, data integrity and outsourcing.
Model risk	Quantitative models support and underlie many processes and decision-making functions in the bank. The bank actively manages the risks arising from the use of internal models through a framework ensuring proper review, approval, monitoring and reporting of model risk for models used for major processes like credit granting process, regulatory capital requirement and ALM.
Environmental & Social Risk Drivers	The bank is very vigilant towards the environmental and social risks factors that could affect its business environment, its clients and its own operational activities. The bank acknowledges that ESG risk drivers may affect several risk types, be they financial or not, and is therefore continuously integrating ESG considerations into its risk assessment processes. Particular attention is paid to climate change and environment drivers, as well as human rights.

4. Capital and Solvency

CAPITAL MANAGEMENT OBJECTIVE

The objective of Ekspres Bank's capital management is to support its business model and strategy.

The bank aims to be able to maintain its activities in Denmark, Sweden and Norway regardless of the macroeconomic conditions. Through our parent company BNP Paribas SA we have access to capital which ensures that the bank at all-time can fulfil its regulatory capital requirements and capital objectives.

This section provides disclosure on the bank's capital management including point c) in article 438 in CRR, in accordance to instructions in table EU OVC.

4.1 Capital Base and Capital Ratios

Ekspres Bank's total capital base amounted to DKK 3.592m end 2023, against DKK 2.620m ultimo 2022. With a total risk-weighted exposure amount (REA) of DKK 11.572m at the end of 2023, this corresponds to a total capital ratio of 31,0%, compared to 22,3% at the end of 2022.

The bank has strengthened its solvency position during 2023 with Common Equity Tier 1 (CET1) capital increases totalling DKK 1.565m to cover for the current solvency requirement and the increasing combined buffer requirements.

Ekspres Bank's Tier 1 capital of DKK 3.092m is primarily made up of CET1 capital (95%), which is the capital required to comply with most of the regulatory capital requirements. Additional Tier 1 (AT1) capital totalled DKK 166m at the end of 2023.

The bank's CET1 capital was DKK 2.926m ultimo 2023, corresponding to a CET1 capital ratio of 25,3%, against 16,5% at the end of 2022.

The bank's Tier 2 capital totalled DKK 500m at the end of 2023.

4.2 Capital Requirements

Ekspres Bank's total regulatory capital requirement is composed of the bank's individual solvency requirement and a combined capital buffer requirement.

The individual solvency requirement represents the minimum capital deemed necessary to cover all material risks in the bank taking into account the business objectives and capital policy targets.

The individual solvency requirement is determined as the sum of the so-called Pillar I and Pillar II capital requirements;

- **Pillar I** comprises the regulatory requirement for financial institutions to hold capital corresponding to 8% of total risk-weighted exposure amount (REA).
- **Pillar II** comprises the bank's individual assessment of risks not covered by the Pillar I capital requirements. Pillar II capital requirement are determined through the bank's Internal Capital Adequacy Assessment Process (ICAAP).

Table 4.1 Capital Base and Capital Ratios

DKKm	31.12.2023	31.12.2022
Share capital (incl. share premium)	3.101	1.535
Retained earnings	41	870
Intangible assets	-177	-420
Deferred tax assets	-2	-51
Other regulatory adjustments	-36	10
Common Equity Tier 1 (CET1) Capital	2.926	1.945
Additional Tier 1 (AT1) Capital	166	177
Regulatory AT1 adjustments	-	-
Tier 1 Capital	3.092	2.122
Tier 2 (T2) Capital	500	498
Regulatory T2 adjustments	-	-
Total Capital	3.592	2.620
Risk Exposure Amount (REA)	11.572	11.750
Common Equity Tier 1 ratio	25,3%	16,5%
Tier 1 ratio	26,7%	18,1%
Total capital ratio	31,0%	22,3%

In addition to the individual solvency requirement reflected in Pillar I and Pillar II, the bank is also subject to capital buffer requirements set by the regulators, including a capital conservation buffer and a countercyclical buffer.

Each element in the composition of the bank's total capital requirement is outlined in the subsequent subsections 4.2.1-4.2.3 and the total capital requirement is summarised in section 4.2.4.

4.2.1 Capital Requirement in Pillar I

Ekspres Bank's risk-weighted exposure amount (REA) forms the basis for calculating the own funds requirements in Pillar I. REA is calculated according to the standardised approaches for all major risk types, i.e. credit risk, market risk and operational risk.

In 2023 total REA decreased by DKK 178m (1,5%) amounting to DKK 11.572m at the end of the year.

The overall drop in total REA in 2023 was primarily driven by a fall in REA for credit risk of DKK 363m (3,5%) mainly caused by reduced lending activity during the year. Own funds requirement for credit risk amounted to DKK 800m end-2023 corresponding to 86% of total own funds requirement in Pillar I.

Market risk caused an increase in REA of DKK 281m during 2023, which was primarily due to the bank taking a structural foreign exchange position to account for the risk of fluctuations in the capital ratio arising from the bank's risk-weighted exposure amount fluctuating as SEK/DKK and NOK/DKK currency pairs vary. End-2023, own funds requirement for market risk constituted DKK 31m, or 3% of the bank's total own funds requirement in Pillar I.

REA for operational risks in 2023 was DKK 1.180m corresponding to an own funds requirement of DKK 94m, which is equivalent to 10% of the bank's own funds requirement in Pillar I at the end of the year.

The own funds requirement for operational risk was down DKK 97m (8%) in 2023, compared to 2022, primarily due to a drop in the bank's gross earnings over the past three years, which is used as the basis for calculating the capital requirement.

For further details on risk management of the overall risk types to which the bank is exposed, please refer to sections 5-8 in this report.

Table 4.2 Risk-Weighted Exposure Amount and Capital Requirement in Pillar I

DKKm	Risk-weighted Exposure amount (REA)		Capital Requirement
	31.12.2023	31.12.2022	31.12.2023
Credit risk	10.001	10.364	800
<i>Of which: The standardised approach</i>	<i>10.001</i>	<i>10.364</i>	<i>800</i>
Market risk	391	110	31
<i>Of which: The standardised approach</i>	<i>391</i>	<i>110</i>	<i>31</i>
Operational risk	1.180	1.277	94
<i>Of which: The standardised approach</i>	<i>1.180</i>	<i>1.277</i>	<i>94</i>
Total	11.572	11.750	926

4.2.2 Capital Requirement in Pillar II

In accordance with the guidelines issued by the DFSA, Ekspres Bank applies the 8+ methodology for assessing and reporting on the capital adequacy.

The 8+ methodology assumes that all normal risks are covered by the Pillar I requirement of 8% (see section 4.2.1 above), but that the bank, on top of this, must assess whether it is exposed to additional risks and to what extent such risks require additional capital hedging (Pillar II). Thus, Pillar II constitutes the bank's own assessment of its capital requirement, given the capital set aside in Pillar I and based on the bank's current risk profile.

At the end of 2023 the bank's Pillar II requirements was assessed to comprise 5,8%, where 2,8%-point originate from credit risk, 1,0%-point stem from market risk and 1,0%-point derive from operational risk. Due to the strategic decision to prepare the stop of granting of new loans, an additional add-on of 0,9%-point has been included in Pillar II, due to expectations of a reduced basic income.

Part of the Pillar II add-ons reflect DFSA requirements imposed on the bank following inspections performed in the summer/fall of both 2021 and 2023. The bank is working persistently to address the orders received from the DFSA and expects to close outstanding orders no later than medio 2024.

Further disclosure regarding the bank's ICAAP leading to the Pillar II requirement is available on the bank's website; expressbank.dk/om.

4.2.3 Combined Capital Buffers

In addition to the capital requirements in Pillar I and Pillar II, the bank is subject a capital conservation and a countercyclical capital buffer requirement.

The capital conservation buffer is intended to ensure that the bank has an additional layer of usable capital that can be drawn down if losses are incurred. The capital conservation buffer is set at 2,5% and must be met exclusively with CET1 capital.

The countercyclical capital buffer aims to ensure that the capital requirements take into account the macro-financial environment. Its primary objective is to ensure that the banking sector builds a buffer of capital when the macroeconomic environment is beneficial to achieve the broader macro prudential goal of protecting the banking sector from periods of excess aggregate credit growth. The bank's countercyclical capital buffer is calculated as the weighted average of the buffers in effect in the jurisdictions to which bank has a credit exposure. End 2023 the countercyclical buffer for Ekspres Bank was a total of 2,2%, made up of countercyclical buffer requirements in Denmark (2,5%), Sweden (2,0%) and Norway (2,5%). The countercyclical buffer must be met exclusively with CET1 capital.

The combined capital buffer requirement corresponded to 4,7% of the bank's REA ultimo 2023, up from 3,9% at the end of 2022. Besides the regulatory combined capital buffer requirements the bank has also set an internal company buffer requiring that additional capital is held on top of the regulatory requirements.

Table 4.3 Capital Requirement Overview

	31.12.2023		31.12.2022	
	Capital Requirement (DKKm)	% of REA	Capital Requirement (DKKm)	% of REA
Pillar I	926	8,0%	940	8,0%
of which: Credit Risk	800	8,0%	829	8,0%
of which: Market Risk	31	8,0%	9	8,0%
of which: Operational Risk	94	8,0%	102	8,0%
Pillar II	672	5,8%	482	4,1%
of which: Credit Risk	327	2,8%	158	1,3%
of which: Market Risk	116	1,0%	27	0,3%
of which: Operational Risk	122	1,0%	88	0,8%
of which: Other Risks	108	0,9%	-	-
of which: Additional Statutory Requirements	-	-	209	1,7%
Individual Solvency Requirement	1.597	13,8%	1.422	12,1%
Combined Capital Buffer	543	4,7%	460	3,9%
of which: Capital conservation buffer	289	2,5%	294	2,5%
of which: Countercyclical Capital Buffer	254	2,2%	166	1,4%
Total	2.140	18,5%	1.880	16,0%

4.2.4 Total Capital Requirements

The bank's individual solvency requirement, i.e. Pillar I and Pillar II statements amounted to DKK 1.597m, at the end of 2023. This corresponds 13.8% of the bank's risk-weighted exposure amount, with Pillar II requirements making up 42% of total own funds requirements.

Given the bank's total capital of DKK 3.592m, implying a total capital ratio of 31.0%, the bank's excess capital, assessed in relation to the individual solvency requirement, corresponded to DKK 1.995m, or 17,2% of the risk-weighted exposure amount, at the end of 2023. The excess solvency is sufficient to cover the additional capital buffer requirements the bank has to meet, e.g. the Capital Conservation Buffer (2,5%), the Countercyclical Buffer (2,2%) and the internal company buffer decided by the Board of Directors.

4.3 Leverage Ratio

Leverage Ratio (LR) is a non-risk sensitive metric measuring the extent of the balance sheet leverage, with lower leverage ratio reflecting a higher leverage level. LR is calculated as Tier 1 capital relative to the bank's total non-risk weighted exposures.

End 2023, the bank's leverage ratio was 22,0% compared to 15,5% end 2022. The increase in leverage ratio during 2023 is primarily driven by the supply of capital provided to the bank during the year. The current leverage ratio is well in excess of the regulatory leverage ratio minimum of 3.0%.

4.4 Danish Supervisory Diamond

The Supervisory Diamond is a Danish initiative applying to all Danish banks, but does not stem from EU legislation. The Supervisory Diamond model sets out the following benchmarks for four key ratios that indicate when a bank is operating at an elevated risk:

- The sum of large exposures should be less than 175% of own funds.
- Lending growth should be less than 20% year-on-year.
- Total exposure to the property segment should be less than 25% of total lending.
- The liquidity benchmark should be more than 100%.

End 2023 Ekspres Bank was operating comfortably within the limit values of the Supervisory Diamond.

Table 4.4 Leverage Ratio

DKKm	31.12.2023	31.12.2022
Tier 1 Capital	3.092	2.122
Total Exposure Measure	14.055	13.714
Leverage Ratio, LR (%)	22,0%	15,5%
Additional Requirements (%) ¹	0%	0%
Total SREP LR Requirements (%)	3%	3%

¹: Additional own funds requirements to address the risk of excessive leverage imposed by the competent authority under point (a) of Article 104(1) CRD, expressed as a percentage of the total exposure measure.

Table 4.5 Danish Supervisory Diamond

	31.12.2023	31.12.2022
Large Exposures (limit value <175%)	0%	0%
Lending Growth (limit value <20%)	-4,2%	-4,7%
Property exposure (limit value <25%)	0%	0%
Liquidity Ratio (limit value >1)	6,34	3,86

4.5 Capital Stress Testing

In addition to monitoring and ensuring compliance with regulatory capital requirement limits, the bank also completes various stress tests assessing how different scenarios will impact the bank. Stress testing in the bank includes the following scenarios:

- **Systemic Capital Stress.** This stress scenario assesses the bank's recovery measures during a systemic crisis in which the whole sector would be affected. The scenario is considered to have a significant and measureable influence on the bank's capital position, and Common Equity Tier 1 capital ratio is considered to be the significant indicator.
- **Simple stress of the impairment ratio.** This stress scenario assesses the bank's sensitivity during an impairment crisis solely. The scenario is considered to have a significant and measureable influence on the bank's capital position, and Common Equity Tier 1 capital ratio is considered to be the significant indicator.
- **Idiosyncratic liquidity stress.** This stress scenario assesses the bank's recovery initiatives by stressing the cash flow, thereby analysing whether such stress will lead to a breach of any of the liquidity indicator limits values for NSFR and LCR. The bank has chosen a test based on a 12-month scenario. The scenarios are simulated by applying LOPI's liquidity model.

Based on section 71a of the *Financial Business Act* and the *Executive Order on Recovery Plans*, with accompanying guidelines, Ekspres Bank has prepared a recovery plan setting forward possible initiatives which the management can apply in order to bring the bank back on track, in the event of a breach with one of the indicator limit values set for the bank.

The recovery indicators in the recovery plan monitors the development in capital, liquidity, profitability and asset quality, and collectively form traffic light indicators that serves as an early warning. The indicators are monitored as part of the risk management system and are reported to the Board of Directors on a quarterly basis.

5. Credit Risk

CREDIT RISK DEFINITION

Credit risk is defined as the risk of a financial loss resulting from a borrower's failure to repay a loan. Consequently, credit risk refers to the risk that Ekspres Bank may not receive the owed principal and interest, resulting in a possible loss, interruption of cash flows and increased costs of collection.

This section provides disclosure on point a) in article 435 (1) in CRR, in accordance to instructions in tables EU OVA and EU CRA.

5.1 Credit Risk Strategy

The Board of Directors in Ekspres Bank has decided on a Credit Policy that is founded in the bank's business model and overall strategy.

The Credit Policy includes the bank's strategy in the credit area, including an outline of the types of customers the bank wishes to engage with, the types of products the bank wish to offer, and the preferred distribution channels for the bank's products.

The overall objective in the credit area is to support the development of our business activity by controlling credit risks and upholding a principle of responsible credit granting. The latter requires that a relationship is formed with the customers making it possible to assist them in financing their needs, while still ensuring that their budget maintains balanced.

5.2 Credit Risk Management

The bank's credit risk is managed through a comprehensive risk management framework built upon risk identification processes, risk governance as well as continuous risk monitoring and reporting.

The Board of Directors decides on the bank's credit policy, including the credit strategy and credit risk appetite. The Credit Policy is supplemented by a formal granting procedure and guidelines for the Executive Board regarding credit risk management.

The Executive Board ensures adequate and appropriate implementation of the credit policy and guidelines as well as the granting procedure. The Executive Board also oversees that risk management is carried out in accordance to the formal risk management framework.

Local committees are established by the Executive Board to assist in overseeing credit risk management in the bank.

The Credit department performs LoD1 controls and monitors activities in relation to the credit policy and processes.

The Independent Risk function provides LoD2 testing according to a risk-based approach validating that credit risk management is performed in accordance to the overall framework.

Reporting on the bank's credit portfolio is prepared regularly for local committees, with participation of the bank's Executive Management. Reporting on the bank's credit portfolio and risk is also provided continuously to the Board Risk Committee and the Board of Directors.

Outline of the granting process

Given the specificities of the consumer finance business with a large number of very small tickets, the bank's business model is based on a highly digitalized relationship with customers and partners, strong data-driven approaches as well as automatized back-end processes wherever possible.

The credit decision is based on the customer's historical performance, information provided by the customer and, acquired with the customer's approval, information collected digitally from public authorities and registers.

All loan applications are evaluated against the credit policy with credit scoring and assessment of the customer's creditworthiness as the cornerstones. The credit decision is also subject to other rules outlined in the credit policy.

Applicants are scored using different score models. The score models are based on the probability for the customer to default. The bank continuously adjusts its credit scoring process and approval conditions in order to adapt to the underlying trends of the current economic climate. The credit score models are furthermore reviewed on a yearly basis to assess their performance.

Assessment of the customer's credit worthiness is conducted to prevent over indebtedness, to strengthen customer protection and ensure the fair treatment of the customers. It also aims to assess the customer's ability to meet the obligations throughout the loan agreement.

The bank performs credit worthiness assessments of the customers according to each country's local regulation and have implemented local operational guidelines on conducting thorough creditworthiness. Where statistical values from external sources are used for the creditworthiness calculations, these are reviewed and updated on a yearly basis or when they are updated by the external source.

All credit decisions are documented and stored in the bank's systems.

Outline of the debt collection process

Besides from mitigating credit risk through ensuring that credit is granted responsibly, the bank's credit risk is also mitigated through the implementation of collection processes, which are initiated in the case of a customer failing to meet its obligations in accordance with agreed terms.

Collection processes are performed by the bank's internal collection department and outsourcing partners, and involves contacting clients facing difficulties to repay and analysing their situation in order to potentially offer structural solutions in support. The collection processes thus include receiving new and updated documentation on the customer's financial situation.

The overall aim of the debt collection processes is to minimize losses of outstanding balances and to collect information in a responsible, professional and amicable way ensuring that the bank's integrity is kept at all times and that customers are treated fairly throughout the process.

Impairment 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.

5.3 Key Risk Figures

The bank applies the standardised approach for calculating risk-weighted exposure amounts and capital requirements for credit risk in Pillar I.

End 2023 the bank's credit risk risk-weighted exposure amount totalled DKK 10.001m, with Swedish activities accounting for 68% (DKK 6.776m), Danish activities amounting to 25% (DKK 2.544m) and the remaining 7% (DKK 682m) relating to Norwegian activities.

The bank's total credit risk risk-weighted exposure amount fell by DKK 362m in 2023 (3%). Through 2023 the credit risk risk-weighted exposure amount in Sweden rose by DKK 261m (4%) whereas the credit risk risk-weighted exposure amount in both Denmark and Norway dropped with DKK 575m (18%) and DKK 48m (7%), respectively.

The bank has an additional credit risk add-on in Pillar II of DKK 327m mainly related to the nature of the portfolio, where a stress is applied to the customers payment ability and partly as a result of the findings in previous FSA inspections.

6. Market Risk

MARKET RISK DEFINITION

Market risk is defined as the risk that the fair value of financial instruments and derivatives will fluctuate as a result of changes in market prices, e.g. equity prices, commodity prices, interest rates, foreign exchange rates etc. Ekspres Bank's market risks are limited to interest rate risks and foreign exchange risk.

Interest rate risk is the risk of a potential loss following a change in interest rates (increase or decrease).

Foreign Exchange Risk is the risk of a potential loss following an unfavourable change in exchange rates.

This section provides disclosure on point a) in article 435 (1) in CRR, in accordance to instructions in tables EU OVA and EU MRA.

6.1 Market Risk Strategy

The Board of Directors has decided on a market risk policy with the view to supporting the bank's business model in a profitable way.

In the policy the bank's market risk strategy is outlined, with overall principle being, that the bank is not allowed to have a trading book. Consequently, market risk is limited to interest rate risk and foreign exchange risk in the banking book.

The market risk policy further outlines the bank's risk strategy with the following principles;

- The bank must only have limited equity investments. Only strategic equity investments can be made, and only after specific approval by the Board of Directors.
- No bond trading is allowed and HQLA can only be secured through reverse repo, securities lending deals or through the opening of a central bank account.

- The interest rate risk must be reduced to a minimum, and it is not permitted to actively increase the interest rate risk through market trades. Interest rate risk must to the greatest extent possible, and with regards to the limits set in the market risk policy, be hedged using financial instruments, e.g. swaps or fixed rate borrowing from the group.
- The bank's branches must be funded in its own currency reducing the foreign exchange risk to a matter of outstanding positions on intracompany liabilities. The bank is only allowed to take currency positions with the purpose of hedging the foreign exchange risk. No speculative positions are allowed.

6.2 Market Risk Management

The main objective of managing the bank's market risk is to stabilise the financial results at a sustainable level over time, while containing risk exposures within limits. The objective is achieved through a comprehensive risk management framework built upon risk identification processes, risk governance and continuous monitoring of risk metrics and applicable thresholds.

The market risk management structure follows the bank's overall approach to risk management.

The Board of Directors decides on the bank's market risk policy, including the market risk strategy and risk appetite. Based on the market risk policy the Board of Directors sets out guidelines to the Executive Board regarding the distribution of responsibilities in terms of risk-taking, including measurable market risk limits, as well as settlement, control and reporting. The guidelines are based on a principle of creating a clear organizational structure with the necessary and sufficient segregation of duties.

The Executive Board ensures implementation of the market risk policy and guidelines and oversees that risk management is carried out accordingly. Further delegations of authority from the Executive Board to operational management, including the CFO, the Deputy CFO and the Head of Treasury, is formalized in a so-called Desk Mandate.

Local committees are established by the Executive Board to assist in overseeing market risk management in the bank.

The Independent Risk function provides LoD2 testing according to a risk-based approach validating that market risk management is performed in accordance to the overall framework.

Reporting on market risk limits is continuously prepared and presented at local committees, to the Board Risk Committee and the Board of Directors.

6.2.1 Interest Rate Risk in the Banking Book

Ekspres Bank is subject to interest rate risk in its banking book due to discrepancies in the interest rates on which loans are provided and interest rates in the deposits/borrowings supporting the bank's lending.

More specifically, the interest rates that the bank receives from its costumers as payments on the loans and the interest rates paid by the bank on deposits/borrowings used to fund the loans may be fixed or indexed in various reference interest rates and on various tenors.

Hence, when interest rates evolve, the interest expense paid on deposits and other liabilities on the one hand and the interest income received on loans and other assets on the other hand, do not necessarily vary in the same way, generating variability in earnings. This risk is named Interest Rate Risk in the Banking Book (IRRBB).

IRRBB Risk Appetite

The bank's Board of Directors has outlined limits within which the IRRBB must be contained, with the overall principle being, that IRRBB may not exceed 2% of the bank's core capital, in the event of a parallel shift of 1 percentage point in the rate curve.

The interest rate risk is calculated in accordance to the rules of the Danish Executive Order on the Preparation of Financial Statements and is presented to the Board of Directors on a quarterly basis.

In addition to monitoring the overall IRRBB limits, the bank also oversees the IRRBB in more detail with assessment of both IRRBB per currency and per duration. Consequently, additional limits to average balance observations have been imposed on IRRBB related to currency and duration.

6.2.2 Foreign Exchange Risk

Ekspres Bank reduces foreign exchange rate risks as much as possible by obtaining funding in the same currency as the loans provided. Consequently, operations conducted in the Norwegian branch, in the Swedish branch and in Denmark are directly funded in NOK, SEK and DKK, respectively, with funding provided directly from BNP Paribas Group as well as deposits raised locally in Sweden.

The bank is still exposed to currency risk due to outstanding positions between the branches in Denmark, Sweden and Norway (such as retained earnings and re-invoicing of costs). The retained earnings in branches are managed according to the limits and risk mitigation strategies defined in the bank's market risk policy and guidelines provided to the Executive Board regarding the management of foreign exchange risk.

In addition the bank is exposed to a structural currency risk in NOK and SEK since the bank has primarily operated with equity placed only in Denmark and denominated in DKK. The risk weighted assets are denominated for the part related to the Norwegian branch in NOK and the Swedish branch in SEK

Foreign Exchange Risk Appetite

Ekspres Bank may hold foreign exchange (FX) positions in SEK, NOK, EUR and USD.

SEK and NOK positions relates to the intracompany liabilities mentioned in the above, and the FX positions in USD and EUR concern operational transactions such as payment of supplier invoices or payments within the BNP Paribas Group, which are very limited.

The Board of Directors have set a limit for the bank's overall currency risk as well as individual limits for specific currencies.

Due to the risk exposures stemming partly from branches in the Nordics, the bank is exposed to a structural risk on the capital ratios. In 2023 the bank has therefore started to build an open currency position to cover the identified structural currency risk. This implies that the currency position is increased compared to previous years in order to perform a hedge of the capital ratios. The bank has the opportunity to seek the permission from the DFSA to exclude the structural currency positions taken to mitigate the structural risk.

In addition to the combined risk limit of 8% individual limits for the bank's currency positions are also defined.

6.3 Key Risk Figures

IRRBB (Interest Rate Risk in the Banking Book)

A thorough review of the IRRBB-setup is performed through the bank's Internal Capital Adequacy Assessment Process. The outcome of the IRRBB-calculations results in an additional Pillar II solvency requirement of DKK 22m end-2023 compared to DKK 27m end-2022.

Foreign Exchange Risk

Ekspres Bank calculates the risk-weighted exposure amount and own funds requirements for foreign exchange risk based on the standardised approach.

The bank's foreign exchange risk increased from DKK 109.8m end-2022 to DKK 390.5m end-2023. The increase in the exchange risk is primarily a result of the bank taking a structural foreign exchange position to account for the risk of fluctuations in the capital ratio arising from the bank's risk-weighted exposure amount fluctuating as SEK/DKK and NOK/DKK currency pairs vary. End-2023, own funds requirement for market risk constituted DKK 31m, or 3% of the bank's total own funds requirement in Pillar I.

The build-up of a structural currency position also involves the bank being subject to an add-on in Pillar II of DKK 94,1m end 2023, as the structural position end of 2023 is included in the net open currency position.

7. Operational Risk

OPERATIONAL RISK DEFINITION

Operational risk is the risk of losses resulting from the inadequacy or failure of internal processes/procedures, human errors, system errors, or from external events.

Examples of operational risks include failures in internal controls, inadequate data quality, errors in the development, implementation and/or use of internal models, loss of confidentiality, integrity or availability of ICT assets.

This section provides disclosure on point a) in article 435 (1) in CRR, in accordance to instructions in tables EU OVA and EU ORA.

7.1 Operational Risk Strategy

The Board of Directors have adopted an operational risk policy which outlines that the bank aims at protecting its activities, its customers, its partners, its staff and its stakeholders from operational risk either by avoidance, mitigation or transfer of such risks.

Furthermore, operational risks must be contained to acceptable levels by developing and maintaining a comprehensive risk management and control framework covering risk awareness and culture, risk identification and anticipation, risk mitigation techniques, risk monitoring and risk governance.

The overall objective of the bank's operational risk management is to ensure a good balance between accepted operational risks and the costs associated with the operational risk management efforts.

The bank's operational risk policy further specifies that operational risks must be considered in all major management decisions, including in strategic decision-making and when validating new, changed or exceptional activities, products, systems etc.

7.2 Operational Risk Management

All employees in the bank are involved in the operational risk management, since operational risk may arise everywhere in the organisation and take various forms.

The Board of Directors determine the bank's risk appetite for operational risk and adopts the operational risk policy. Furthermore, the Board of Directors provide guidelines for the Executive Board regarding operational risk management.

The Executive Board is responsible for implementing an adequate and appropriate operational risk management framework, and for overseeing that risk management is carried out accordingly. In order to ensure coherency, consistency and transparency in the operational risk management, the operational risk management framework is formalized in overall procedures and based on general tools that apply to all business units in the organisation. The Executive Board has delegated the responsibility for establishing and maintaining an overall operational risk management framework to the operational risk management (ORM) department, which is part of the bank's LoD2 function, Independent Risk.

Local committees are established by the Executive Board to assist in overseeing operational risk management in the bank.

The bank's operational managers are responsible for ensuring, that operational risks are managed within their respective business unit. Operational managers are supported in this role by dedicated employees appointed as Operational Permanent Controllers (OPC). The OPC's overall duty is to assist operational management in managing operational risk with their specific missions described in formal procedures.

The Independent Risk function provides LoD2 check a challenge according to a risk-based approach validating that operational risk management is performed by the business units in accordance to the overall operational risk framework. The Independent Risk function is also charged with establishing and maintaining the operational risk management framework.

Reporting on operational risk is continuously prepared and presented to local committees, the Board Risk Committee and the Board of Directors.

7.2.1 Pillars in Operational Risk Management

The bank's operational risk management is based on five components that are closely linked:

Risk and Control Self-Assessment (RCSA) is the central component of operational risk management since it provides business units with valuable insight into the main risks related to their activities along with understanding of the controls and procedures necessary to mitigate identified risks.

When performing the RCSA the business units initially identify risks in their overall activities and evaluate the level of inherent risk. Inherent risk assessment is conducted by estimating the likely frequency and severity of a risk event, without considering the actual control framework.

Following the inherent risk assessment the business units evaluate the appropriateness and effectiveness of controls initiated to mitigate the risks, and the RCSA is concluded with an assessment of the residual risk, i.e. estimating the likely frequency and severity of a risk event, when taking into account the internal control framework.

Before the bank's overall RCSA is finally approved, a proper check and challenge of the business unit's individual RCSA is carried out by LoD2 on a risk based approach.

The RCSA is documented in the bank's Governance, Risk and Compliance (GRC) system, and updated on a continuous basis, with formal review and approval every 12 months.

Internal Controls aimed at mitigating operational risks are outlined in a control plan prepared by each business unit following its RCSA, and documented in the bank's GRC-system.

Controls considered as key controls, i.e. controls mitigating risks with significant inherent risk levels, must be documented following a formalized methodology, where the purpose and provisions for implementing a control is described, along with requirements regarding control documentation and follow-up on findings and recommendations.

The LoD1 control plans are subject to independent testing by the LoD2 on a regular basis and according to a risk-based approach.

Incident collection and analysis enables the bank to gain insight into operational risks, failure and/or inadequacy of the internal control framework and consequently corrective actions, such as controls, that can be put in place to prevent recurring events.

In Ekspres Bank any employee detecting an incident related to an operational risk must point out the possible event to his hierarchy. If relevant, the operational risk event is reported in the bank's incident register, which is part of the bank's GRC-system.

When recording an operational incident the event must be categorized in accordance to specific categories, the incident's root cause must be analyzed, enabling identification of the failing entity/process, and the consequences of the event must be assigned, including whether the event represents an effective financial impact (loss, provision, gain, opportunity cost), an avoided financial impact (near miss), or a potential financial impact (conditional loss).

The bank's operational managers are responsible for ensuring that records of operational risk events are exhaustive, relevant and appropriate, while LoD2 perform methodological consistency check and independent challenge on a risk-based approach of registered events.

Recommendations and control actions issued by Internal Audit and LoD2 functions is taken into account in the management of operational risks. Recommendations and control actions are registered in the bank's GRC-system, and follow-up is performed regularly.

Action Plans must be established to prevent and/or fix identified operational weaknesses and/or failures that could have significant financial impact. Operational weaknesses/failures are typically identified in the RCSA exercise, when analyzing registered operational risk events, including near misses, or when detecting critical inoperative and/or defective controls. All action plans must be recorded into the bank's GRC-system enabling an overall overview of actions, including implementation status and deadlines.

7.3 Key Risk Figures

The bank's operational risk is offset by allocating sufficient capital calculated using the standardised approach (TSA). This implies that the own funds requirement for operational risk is calculated annually as the average over the past three years of the sum of gross earnings from overall business lines multiplied by a beta factor relating to the corresponding business line.

The risk-weighted exposure Amount for operational risk was DKK 1.180m in 2023 implying an own funds requirement of DKK 94m.

The operational risk capital requirement is down 8% compared to 2022-levels due to a decrease in gross earnings included in the 2023-calculation.

The bank has an additional operational risk add-on in Pillar II of DKK 122m following the internal operational risk identification including findings from DFSA inspections.

7.4 Managing Other Non-financial Risks

7.4.1 ICT Risk Management

Information is a key asset for the bank and effective management of Information and Communication Technology (ICT) risk is vital for safeguarding sensitive and critical information.

Recognizing that failure in mitigating information security risks and securing the bank's information may lead to financial, reputational and legal consequences, the bank has adopted a risk management framework used for identifying and treating its main ICT risks, which are related to ICT availability and continuity, ICT security, ICT change, data integrity and ICT outsourcing.

Mitigation efforts relies on a set of measures including, but not limited to, continuously raising employees' awareness on information security imperatives and best practices, tight supervision over outsourcing, stringent precautions to safeguard IT equipment, streamlining the bank's network security and strengthening the security of IT developments, better measurement of responsiveness in terms of information security and preventing data leaks, monitoring incidents and developing intelligence on technological vulnerability and information systems attacks.

The bank also manages its IT infrastructure to help ensure system availability and capacity to meet business requirements. Furthermore, it endeavors to mitigate the risks and consequences of internal and external threats including cyber-attacks.

7.4.2 Model Risk Management

Model risk is the operational risk of loss resulting from decisions based mainly on output from internal models. Ekspres Bank uses mathematical and statistical models in many processes and decision-making functions, including the credit granting process, regulatory capital requirement and ALM.

The use of internal models entails the potential for model output to incorrectly inform or influence business and management decisions, i.e. model risk.

The bank has set up a model risk management framework comprising processes aiming at identifying, measuring, controlling, mitigating, and reporting about model risk. As with other risk areas in the bank, model risk is managed through a three lines of defense approach, where:

- The model owners form the first line of defence. They are responsible for understanding the models and its impacts; and for confirming that model development, documentation, and ongoing monitoring of performance is both efficient and effective, and adhere to regulatory and internal standards.
- Independent Risk form the second line of defence and is responsible for ensuring that the first line of defence is operating effectively and for performing independent testing of the model risk management founded in a risk-based approach.
- Internal Audit form the third line of defence and ensures that the first two lines of defence are operating effectively.

7.4.3 Compliance Risk

Compliance risk is the risk that legal or regulatory sanctions are imposed on the bank or that the bank suffers financial losses or reputational damage caused by non-compliance with legislation, market standards or internal rules.

The bank endeavors to comply with all applicable laws and regulations, and to have effective relationships with the supervisory and regulatory authorities, although recognizing that its business activities are subject to inherent risks of non-compliance with legal and regulatory requirements.

Accordingly, the bank has implemented a comprehensive compliance risk management framework, including a compliance policy adopted by the Board of Directors, aiming at ensuring compliance with applicable laws, regulations and rules of ethics. The bank's compliance risk management framework also requires all employees to continuously attend dedicated regulatory awareness and compliance training.

7.4.4 Conduct Risk

Conduct risk is broadly defined as any action of a firm or individual that leads to customer detriment or has an adverse effect on market stability or effective competition.

The bank considers as a top priority the long-term relationships and partnerships built with its customers, employees and shareholders. In pursuit of this objective the bank is committed to acting in a way that protects customers' interests and is in compliance with all relevant laws. The bank is also preoccupied with upholding and protecting the integrity of markets and ensuring that a consistent high standard of individual integrity and professional ethics is maintained by all employees.

The bank's Board of Directors have acceded to the BNP Paribas Group's Code of Conduct, which outlines a set of concrete rules which all employees must understand and follow. To keep the rules of conduct top of mind, employees are required to complete code of conduct training, including tests, on a regular basis.

8. Liquidity and Funding

LIQUIDITY RISK DEFINITION

Liquidity risk is defined as the risk that the bank is unable to fulfil its financial obligations and meet regulatory requirements in the short, medium and long term. Liquidity risk is also the risk of funding shortages, preventing the bank from pursuing its objectives, or the risk that the bank's costs of raising liquidity become prohibitive.

Liquidity risk is inherent to the bank's business model and results from the mismatch in maturities between assets and liabilities.

This section provides disclosure on point a) in article 435 (1) in CRR, in accordance to instructions in tables EU OVA and EU LIQA.

8.1 Liquidity Risk Strategy

Ekspres Bank's activities in Denmark and Norway is exclusively funded by our parent company, BNP Paribas Personal Finance SA (hereafter BNPP PF) whereas the funding in the Swedish branch is partly raised from deposits from private customers and partly from BNPP PF. The funding agreements with BNPP PF consist of credit line agreements that are sufficient to cover the funding need in the Danish, Norwegian and Swedish branches.

Since the funding structure to a large extent dependent on credit line agreements, the bank's overall liquidity risk strategy is to ensure a sufficient share of available credit lines for each currency (DKK, NOK and SEK) to cover the funding need for the next 12 months.

The bank's Board of Directors have adopted a liquidity policy with the overall strategic aim being that the bank's liquidity risk must be limited. To observe a limited liquidity risk the bank:

- negotiates new credit lines once a year to ensure that the amount of available credit can cover the next 12 months liquidity needs
- meets the requirements defined in the DFSA Supervisory Diamond liquidity benchmark

- meets the requirements for the Liquidity Coverage Ratio (LCR) set out in CRR with a minimum requirement of 100% and a stricter internal requirement.
- has a funding structure that complies with the limit values for the Net Stable Funding Ratio (NSFR) of minimum 100% and a stricter internal requirement.

Furthermore, the bank's liquidity reserve must meet the directions from CRR or other legal requirements and consists of level 1A Government Bonds, i.e. high quality liquid assets (HQLA).

8.2 Liquidity Risk Management

The objective of the bank's liquidity risk management and the funding structure is to enable the development of the bank's commercial activities and ensure that the bank is resilient to potential severe adverse environments.

The liquidity risk management structure follows the bank's overall approach to risk management.

The Board of Directors decides on the bank's liquidity policy, including the liquidity strategy and risk appetite.

The Executive Board implements the liquidity policy, including guidelines, and oversees that risk management is carried out accordingly. The Executive Board has delegated the responsibility for monitoring liquidity risks to the Chief Financial Officer (CFO).

Local committees are established by the Executive Board to assist in overseeing liquidity risk management in the bank.

The Independent Risk function provide LoD2 testing according to a risk-based approach validating that liquidity risk management is performed in accordance to the overall framework.

Reporting on liquidity is continuously prepared and presented to local committees, the Board Risk Committee and the Board of Directors. Furthermore, cash planning overviews are reported to the Board of Directors at least four times per year, including insight to the free available funding lines from the group. This enables the Board of Directors to assess whether the bank has sufficient free available lines to continue the strategy or if additional funding is needed.

8.2.1 Intraday Liquidity Management

All liquidity positions within the bank are monitored on a daily basis thereby allowing a fast reaction in case of an unexpected liquidity shortage.

The bank's Asset and Liabilities Management and Treasury (ALMT) team, which is led by the CFO, is responsible for interest rates and liquidity backing and for ensuring the security of funding sources. The ALMT team also performs overall liquidity planning and monitors liquidity requirements. The ALMT team receives regular updates and a weekly report on deposits, withdrawals as well as development of the lending portfolio.

The liquidity position for the next 30 days, 3 months, 6 months and 12 months, is monitored using a cash planning overview and are updated on a monthly basis. The individual cash planning for each country is based on the budget and historical observations and is used for monitoring the liquidity situation and to identify the future funding needs up to 12 months.

8.2.2 Liquidity Stress Testing

At least once a year a stress test of the bank's liquidity is conducted in order to ensure that the business model can be sustained, and that regulatory requirements can be met, if the liquidity situation is put under substantial pressure.

In the stress test, the expected liquidity developments are calculated based on stressed market conditions for liquidity. Stressed liquidity is calculated based on the LOPI liquidity model, but the stress scenarios have been adapted to the bank's business model.

Stress indicators and limits are approved by the Board of Directors annually.

8.2.3 Contingency Funding Plan

In addition to the bank's liquidity policy the Board of Directors has decided on a Contingency Funding Plan, which enters into force if any significant changes occur to the bank's liquidity position or funding conditions, leading to non-compliance with the maximum risk levels.

The Contingency Funding Plan contains various liquidity-promoting recovery initiatives that can be exploited in a liquidity emergency, which involve either increasing funding resources or reducing the need for funding.

In order to have sufficient time for recovery initiatives to generate the expected positive effects, and also to avoid breach of any regulatory liquidity requirements, the bank has set up thresholds of early warnings and internal limits for key liquidity risk indicators that are continuously monitored.

8.3 Key Risk Figures

Liquidity Coverage Ratio (LCR)

The regulatory requirement of LCR is used to assess the bank's short-term liquidity risk. LCR reflects the share of liquid assets relative to net cash outflows over a 30-day period and must be at least 100%.

End-2023 the bank's LCR was 634% which is considerably higher than the regulatory minimum requirement, and with an appropriate margin to the bank's internal objective. The bank's LCR has increased considerably since the end of 2022 with both the HQLA-holding increasing and a decrease in net cash outflow.

Net Stable funding Ratio (NSFR)

The purpose of the Net Stable Funding Ratio (NSFR) is to ensure that sufficiently stable, long-term funding is applied when loans are issued. The NSFR measures the ratio of the bank's available stable funding to the amount of its required stable funding. Regulatory requirement is a ratio of at least 100%.

The level of stable funding is calculated by weighting assets according to their liquidity and maturity. Funding with times-to-maturity of more than one year is considered more stable than other types of funding.

At the end of 2023 the bank's NSFR was 119%, i.e. in excess of both the regulatory requirement and the bank's internal objective.

Table 8.1 Liquidity Coverage Ratio, LCR

DKKm	31.12.2023	31.12.2022
Total HQLA ¹	490	443
Cash Outflows ²	774	607
Cash Inflows ²	696	503
Total Net Cash Outflows ³	77	104
Liquidity Coverage Ratio, LCR (%)	634%	426%

1: High-Quality Liquid Assets (HQLA), weighted value average.

2: Total weighted value. Cash inflows reflect value after reduction due to caps.

3: Adjusted value

Table 8.2 Net Stable Funding Ratio, NSFR

DKKm	31.12.2023	31.12.2022
Total Available Stable Funding	11.843	11.974
Total Required Stable Funding	9.988	10.615
NSFR Ratio (%)	119%	113%

9. Remuneration

This section provides disclosure on points a)-d) and points h)-k) in article 450 (1) in CRR in accordance to instructions in tables EU REMA, EU REM1-4.

Ekspres Bank's Board of Directors have adopted a remuneration policy.

When formulating the remuneration policy, the bank wants to promote a remuneration practice that is in line with and promotes sound and effective risk management that does not encourage excessive risk-taking. The remuneration policy must be in line with the bank's business strategy, values and long-term goals, including a sound business model.

Among others, the bank's remuneration policy contains description of the compensation guidelines, compensation policy for material risk takers as well as governance and administration of the remuneration process.

The bank's remuneration policy is disclosed on the bank's website, [Ekspresbank.dk/om](https://ekspresbank.dk/om).

For more details on the bank's remuneration in 2023, please refer to the REM-tables in Appendix 2.

10. Management Declarations

This section provides disclosure on points e) and f) in article 435 (1) in CRR in accordance to instructions in tables EU OVA, EU LIQA and EU CRA).

Ekspres Bank's Executive Board and Board of Directors approved the bank's report on Capital and Risk Management on April 8th, 2024.

The Board of Directors believe that the bank's risk management complies with applicable rules and standards, is appropriate and effective, and is consistent with the bank's business model and strategy. In addition, it is the opinion of the Board of Directors that the risk management systems in the bank are appropriate and coherent with the risk appetite and strategy set for the bank.

We believe that Ekspres Bank's general risk profile is in accordance with the business strategy, business model and key performance indicators and that it provides a fair representation of the bank's overall risk management, including the adopted risk profile and risk appetite.

Our assessment is founded in the bank's business model and strategy and based on the material and the reports submitted to the board by the Executive Board, the Internal Audit Function, the Chief Risk Officer and the Compliance Officer.

Our review of Ekspres Bank's business model and policies show that the general requirements in the individual risk areas are properly reflected in policies and specific limits, including in the guidelines to the Executive Board and delegations to other organisational units. Risk limits are also believed to be transparent and controllable.

The review further demonstrates that risks are contained within the limits laid down in the individual policies and powers delegated, and thus, the Board of Directors believe that there is a correlation between business model, policies, guidelines and the actual risks within each risk area.

COMMON EQUITY TIER 1 (CET1) RATIO

25,3%

2022: 16,5%

TOTAL CAPITAL RATIO

31,0%

2022: 22,3%

INDIVIDUAL SOLVENCY REQUIREMENT

13,8%

2022: 12,1%

LEVERAGE RATIO

22,0%

2022: 15,5%

LIQUIDITY COVERAGE REQUIREMENT

634%

2022: 426%

NET STABLE FUNDING RATIO

119%

2022: 113%

Copenhagen, April 8th, 2024

EXECUTIVE BOARD

Jerome Garand
CEO

BOARD OF DIRECTORS

Anais Raynaud
Chair

Caroline Soulié

Terence Mc Cormick

Claudine Francoise Pince Smith

Gilles de Wailly

John Poulsen

Magnus Beer

Michael Ravbjerg Lundgaard

Axel Stefan Lundström

Marion Lorenzen

Per Eriksønn Brobakke

Jenny Gaffner

Appendix 1: Disclosure Requirement Overview and Mapping

Article in CRR	Disclosure table reference	Content	Ekspres Bank disclosure 2023
Article 435 (1), points a), e) and f)	EU OVA Article 435 (1), points a), e) and f)	Institution risk management approach	Capital and Risk Management 2023: • Article 435 (1) points e) and f): 10. Management Declarations • Article 435 (1) point a): 3. Risk Management, 5. Credit Risk, 6. Market Risk, 7. Operational Risk, 8. Liquidity and Funding)
	EU LIQA Article 435 (1)	Liquidity risk management	Capital and Risk Management 2023: • 8. Liquidity and Funding • 10. Management Declarations
	EU CRA Article 435 (1), points a) and f)	General qualitative information about credit risk	Capital and Risk Management 2023: • Article 435 (1) point f): 10. Management Declarations • Article 435 (1) point a): 5. Credit Risk
	EU MRA Article 435 (1), point a)	Qualitative disclosure requirements related to market risk	Capital and Risk Management 2023, section 6. Market Risk
	EU ORA Article 435 (1), point a)	Qualitative information on operational risk	Capital and Risk Management 2023, section 7. Operational Risk
Article 435 (2), points a)-c)	EU OVB	Disclosure on governance arrangements	Disclosed in the financial reports published on Ekspresbank.dk
Article 437, point a)	EU CC1	Composition of regulatory own funds	Capital and Risk Management 2023, Appendix 2: Disclosure of qualitative information
	EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Capital and Risk Management 2023, Appendix 2: Disclosure of qualitative information
Article 438, points c) and d)	EU OV1 Article 438, point d)	Overview of total risk exposure amounts	Capital and Risk Management 2023, Appendix 2: Disclosure of qualitative information
	EU OVC Article 438, point c)	ICAAP information	• Capital and Risk Management 2023, section 4.2.2 Individual Own Funds Requirements (Pillar II) • Internal Capital Adequacy Assessment Process, published on Ekspresbank.dk
Article 447	EU KM1	Key metrics template	Capital and Risk Management 2023, Appendix 2: Disclosure of qualitative information
Article 450 (1), points a)-d) and points h)-k)	EU REMA Article 450 (1), points a)-d) and points j)-k)	Remuneration policy	BNP Paribas Personal Finance Nordics Remuneration Policy, published on Ekspresbank.dk
	EU REM1 Article 450 (1), point (h)(i)-(ii)	Remuneration awarded for the financial year	Capital and Risk Management 2023, Appendix 2: Disclosure of qualitative information
	EU REM2 Article 450 (1), point (h)(v)-(vii)	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Not relevant for Ekspres Bank
	EU REM3 Article 450 (1), point (h)(iii)-(iv)	Deferred remuneration	Capital and Risk Management 2023, Appendix 2: Disclosure of qualitative information
	EU REM4 Article 450 (1), point i)	Remuneration of 1 million EUR or more per year	Not relevant for Ekspres Bank

Appendix 2: Disclosure of quantitative information

EU CC1 - Composition of regulatory own funds

DKK '000		31.12.2023	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	3.100.730	A (Ref. EU-CC2)
	<i>Of which Instrument type 1</i>	-	
	<i>Of which Instrument type 2</i>	-	
	<i>Of which Instrument type 3</i>	-	
2	Retained earnings	40.559	B (Ref. EU-CC2)
3	Accumulated other comprehensive income (and other reserves)	-	
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	3.141.289	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-	
8	Intangible assets (net of related tax liability) (negative amount)	-177.332	F (Ref. EU-CC2)
9	Empty set in the EU	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-2.114	G (Ref. EU-CC2)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Empty set in the EU	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	<i>Of which qualifying holdings outside the financial sector (negative amount)</i>	-	
EU-20c	<i>Of which securitisation positions (negative amount)</i>	-	
EU-20d	<i>Of which free deliveries (negative amount)</i>	-	

21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	<i>Of which direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>	-	
24	Empty set in the EU	-	
25	<i>Of which deferred tax assets arising from temporary differences</i>	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Empty set in the EU	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital	-36.228	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-215.674	
29	Common Equity Tier 1 (CET1) capital	2.925.615	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	166.135	I (Ref. EU-CC2)
31	<i>Of which classified as equity under applicable accounting standards</i>	166.135	I (Ref. EU-CC2)
32	<i>Of which classified as liabilities under applicable accounting standards</i>	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	<i>Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties</i>	-	
35	<i>Of which instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	166.135	I (Ref. EU-CC2)
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Empty set in the EU	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier 1 (AT1) capital	166.135	
45	Tier 1 capital (T1 = CET1 + AT1)	3.091.750	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	500.001	K (Ref. EU-CC2)
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	

EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	<i>Of which instruments issued by subsidiaries subject to phase out</i>	-	
50	Credit risk adjustments	-	
51	Tier 2 (T2) capital before regulatory adjustments	500.001	K (Ref. EU-CC2)
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Empty set in the EU	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Empty set in the EU	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier 2 (T2) capital	500.001	
59	Total capital (TC = T1 + T2)	3.591.751	
60	Total Risk exposure amount	11.571.842	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	25,3	
62	Tier 1 (as a percentage of total risk exposure amount)	26,7	
63	Total capital (as a percentage of total risk exposure amount)	31,0	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	10,9	
65	<i>Of which capital conservation buffer requirement</i>	2,5	
66	<i>Of which countercyclical buffer requirement</i>	2,2	
67	<i>Of which systemic risk buffer requirement</i>	-	
EU-67a	<i>Of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	-	
EU-67b	<i>Of which additional own funds requirements to address the risks other than the risk of excessive leverage</i>	1,7	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	18,4	
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
74	Empty set in the EU		

75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)
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Applicable caps on the inclusion of provisions in Tier 2

76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)

80	Current cap on CET1 instruments subject to phase out arrangements
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)
82	Current cap on AT1 instruments subject to phase out arrangements
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)
84	Current cap on T2 instruments subject to phase out arrangements
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)

EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		Balance sheet as in published financial statements and under regulatory scope of consolidation	
DKK '000		31.12.2023	Reference
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash in hand and demand deposits with central banks		0	
Receivables from credit institutions and central banks		1.571.431	
Loans and other receivables at amortised cost		12.176.289	
Investment securities		10.274	
Goodwill		0	F
Other intangible assets		177.332	F
Property, plant and equipment		12.909	
Current tax assets		1.088	
Deferred tax assets		2.114	G
Other assets		79.932	
Prepayments		347.501	
Total assets		14.378.870	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Due to credit institutions and central banks		3.525.525	
Deposits from customers		6.741.529	
Current tax liabilities		65	
Other liabilities		221.153	
Deferred income		83.173	
Provisions for deferred tax		0	
Subordinated loans		500.001	K
Share capital		1.138.000	A
Share premium		1.962.730	A
Retained earnings or loss brought forward		40.559	B
Additional T1 equity		166.135	I
Total liabilities and equity		14.378.870	

EU KM1 - Key metrics template

DKKm		31.12.2023	31.12.2022
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	2.926	1.945
2	Tier 1 capital	3.092	2.122
3	Total capital	3.592	2.620
Risk exposure amounts			
4	Total risk-weighted exposure amount	11.572	11.750
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	25,3	16,5
6	Tier 1 ratio (%)	26,7	18,1
7	Total capital ratio (%)	31,0	22,3
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU-7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3,1	4,1
EU-7b	<i>Of which to be made up of CET1 capital (percentage points)</i>	1,7	2,3
EU-7c	<i>Of which to be made up of Tier 1 capital (percentage points)</i>	2,3	3,1
EU-7d	Total SREP own funds requirements (%)	11,1	12,1
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2,5	2,5
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	2,2	1,4
EU-9a	Systemic risk buffer (%)	-	-
10	Global Systemically Important Institution buffer (%)	-	-
EU-10a	Other Systemically Important Institution buffer	-	-
11	Combined buffer requirement (%)	4,7	3,9
EU-11a	Overall capital requirements (%)	15,8	16,0
12	CET1 available after meeting the total SREP own funds requirements (%)	18,4	8,9
Leverage ratio			
13	Leverage ratio total exposure measure	14.055	13.714
14	Leverage ratio (%)	22,0	15,5
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-14b	<i>Of which to be made up of CET1 capital (percentage points)</i>	-	-
EU-14c	Total SREP leverage ratio requirements (%)	3,0	3,0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU-14d	Leverage ratio buffer requirement (%)	-	-
EU-14e	Overall leverage ratio requirements (%)	3,0	3,0
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	490	443
EU-16a	Cash outflows - Total weighted value	774	607
EU-16b	Cash inflows - Total weighted value	696	503
16	Total net cash outflows (adjusted value)	77	104
17	Liquidity coverage ratio (%)	634	426
Net Stable Funding Ratio			
18	Total available stable funding	11.843	11.974
19	Total required stable funding	9.988	10.615
20	NSFR ratio (%)	119	113

EU OV1 - Overview of risk weighted exposure amounts

		Risk Exposure Amount (REA)		Total own funds requirements
DKKkm		31.12.2023	31.12.2022	31.12.2023
1	Credit risk (excluding CCR)	10.001	10.364	800
2	Of which the standardised approach	10.001	10.364	800
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU-4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk - CCR	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU-8a	Of which exposures to a CCP	-	-	-
EU-8b	Of which credit valuation adjustment - CVA	-	-	-
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU-19a	Of which 1250% deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	391	110	31
21	Of which the standardised approach	391	110	31
22	Of which IMA	-	-	-
22a	Large exposures	-	-	-
23	Operational risk	1.180	1.277	94
EU-23a	Of which basic indicator approach	-	-	-
EU-23b	Of which standardised approach	1.180	1.277	94
EU-23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29	Total	11.572	11.750	926

EU REM1 – Remuneration awarded for the financial year 2023

31.12.2023 DKK '000			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	3,0	1,0	10,9	8,9
2		Total fixed remuneration	741	2.231	17.770	8.643
3		Of which: cash-based	741	2.231	17.770	8.643
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7	Variable remuneration	Of which: other forms				
8		(Not applicable in the EU)				
9		Number of identified staff	3,0	1,0	9,8	7,7
10		Total variable remuneration	0	245	1.857	425
11		Of which: cash-based	0	123	1.109	425
12		Of which: deferred	0	49	123	0
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0	123	748	0
EU-14b		Of which: deferred	0	49	375	0
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		741	2.476	19.627	9.067

Note: The number of identified staff in the MB Supervisory function and the MB Management function is disclosed based on headcount. The number of other identified staff is disclosed based on FTE. The members of the Management Bodies are classified according to their primary function.

EU REM3 - Deferred remuneration

31.12.2023 DKK '000	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function								
2 Cash-based								
3 Shares or equivalent ownership interests								
4 Share-linked instruments or equivalent non-cash instruments								
5 Other instruments								
6 Other forms								
7 MB Management function								
8 Cash-based	49	49						49
9 Shares or equivalent ownership interests								
10 Share-linked instruments or equivalent non-cash instruments	819	237	583			1	188	49
11 Other instruments								
12 Other forms								
1 3 Other senior management								
14 Cash-based	200	123					4	196
15 Shares or equivalent ownership interests								
16 Share-linked instruments or equivalent non-cash instruments	697	178	446			2	57	196
17 Other instruments								
18 Other forms								
1 9 Other identified staff								
20 Cash-based								
21 Shares or equivalent ownership interests								
22 Share-linked instruments or equivalent non-cash instruments								
23 Other instruments								
24 Other forms								
2 5 Total amount								

Note: Including variable remuneration paid out in Ekspres Bank A/S previously awarded in other BNPP entities.