

Capital and Risk Management 2022

Pillar III Disclosure



Ekspres Bank A/S

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

The requirements regarding capital coverage for credit institutions are stipulated in the European Parliament and Council Directive 2013/36/EU (CRD) and Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR), including associated delegated regulations and guidelines.

This 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.

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* (in Danish: *Bekendtgørelse om opgørelse af risikoeksponeringer, kapitalgrundlag og solvensbehov*, BEK nr. 2155 af 03/12/2020).

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 format and references of the tables in the report meet the various technical standards published by the European Commission and European Banking Authority. The figures in this report have not been audited.

Contents

1. 2022 in brief.....	4
2. Our Business.....	6
3. Risk Management.....	7
4. Capital and Solvency.....	11
5. Credit Risk.....	16
6. Market Risk.....	18
7. Operational Risk.....	21
8. Liquidity and Funding.....	25
9. Remuneration.....	28
10. Management Declarations.....	29
11. Tables for Disclosure.....	31

2022 in brief

An epoch of volatility and increased credit risk...

2022 was initiated and continuously marked by significant global events. The last restrictions regarding COVID-19 had only just been lifted when war broke out in Ukraine. The war in Ukraine initiated a chain of events that resulted in the highest inflation rate and thereby in the largest increases in consumer prices for more than forty years.

On average, the Nordic households are well cushioned against economic setbacks but still, the consumer confidence plunged to a historical low and the private consumption decreased.

End year, the historical erosion of the real wages began to leave footprints among the bank's customers and different measures regarding the customer's payment ability began to worsen.

Due to the historical increase in the inflation, the Bank's funding rates have increased drastically which is partly reflected in the pricing towards the customers. This together with the overall macroeconomic situation, creates a challenge on the market. The bank has made additional inflation provisions in 2022 as a precautionary measure against the negative impact of the high inflation.

... where creditworthiness has been top of mind.

In 2022 a review of the bank's approach to creditworthiness assessment was carried out, leading to significant changes, notably in Denmark, where the creditworthiness now relies on open banking data on top of documented information on income and debts.

In Norway and Sweden, the setup has been reviewed in order to implement a more tailor-made approach when it comes to the applicant expenses depending on the individual situation of the customer, taking into account the size of the family, type of housing and living area.

External operational risks rose with geopolitical tensions...

In 2022 the external operational risk outlook was dominated by the geopolitical tensions that characterised the year and as a consequence both cybersecurity and the risk of power failures raised focus towards recovery plans.

The threat against IT security is expected to remain sky-high in the times to come, and the bank is continuously involved in ensuring that awareness is high among the employees and that risk management processes are kept adequate and effective.

... and internally with initiating a Nordic milestone

On the internal line, we continued the One Nordic Platform project in Sweden. The purpose of this far reaching project is to harmonize all of the bank's IT back-end systems under one common platform across the Nordic countries.

In June 2022, we initiated the migration to the platform, which led to temporary and partly unexpected challenges such as lost production during part of the migration period. These obstacles were dealt with during the last part of 2022. Having concluded the first imperative steps on our transformation journey, we have created a solid platform for our future Nordic organisation.

Overall risk management was strengthened further

In 2021, the Danish Financial Supervisory Authority carried out inspections of the bank and issued a number of orders, accordingly. Since the inspections, the bank has worked intensively to close the orders. The bank has improved and strengthened the governance, put in place operational procedures to comply with the orders, and established an independent risk function and a separated AML.

We strongly expect to fully close the remaining orders in the first quarter of 2023. The closure of these orders is done in consultation with the Danish FSA [the last order was closed in April 2023 and thereby the Danish FSA formally ended their inspection of the Bank]. We firmly believe that the initiatives put in place will strengthen the bank's position on the Nordic financial market further and support future growth.

Outlook for 2023

In 2023, the Bank will continue its transformation towards a fully Nordic organization with focus being on fully securing the new Nordic IT platform.

The Bank's mission remains unchanged to support our clients in realising their projects and to offer the best solutions and conditions possible for customers who may suffer from payment difficulties. Although our mission remains unchanged, we and our partners need to adapt to a new economic reality and sustain a strong focus on complying with the regulatory framework in all three Nordic countries.

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 work as an independent Nordic entity while being a fully owned subsidiary of BNP Paribas Personal Finance and part of the BNP Paribas Group, which is present in 65 countries with nearly 190,000 employees. This international support base implies that we benefit from the better of two worlds: We 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. To a limited extend, we provide retail financing services in the Faroe Islands. 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 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 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 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

Keep It Simple and Smart (KISS) is our internal concept of how to work in a simply, smart and efficient way. 17 guidelines define "good manners" at work, ways to increase efficiency and exemplify our ambition for work life in terms of e.g. email behaviour, work phone professionalism and meeting culture.

3. Risk Management

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

Risk culture is promoted through trainings and communications to raise the awareness of core risk practices. This involves employees understanding the risks taken, making risk decisions objectively and with a long-term perspective, ensuring risk diversification, anticipating and adapting to risk environment changes, being disciplined with and accountable for risks taken and reporting swiftly and transparently all major risk issues to relevant levels, including the Board of Directors and regulators.

3.1 Overall Risk Profile

Since the bank's core business activities consists of providing unsecured loans and credit facilities to costumers, credit risk is our principal risk type. However, our business model also give rise to exposure 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. We also have a strong focus on regulatory risk.

Credit risk, operational risk and market risk are countered by having sufficient capital while the liquidity risk is hedged by having an appropriate level of liquidity. Some regulatory initiatives are covered by add-ons in the Pillar II-requirement.

Risks related to environmental, social and corporate governance (ESG) factors are also high-priority areas for the bank. Since risks relating to ESG-factors impact the business, in the short and long term, through traditional types of risk, primarily credit risk and non-financial risks, but also market risk and liquidity risk, management of ESG factors are continuously being integrated in our risk management of both financial and non-financial risks and will be addressed throughout the report a relevant.

For an in-depth description of our risk management within the individual risk areas, please refer to the subsequent relevant sections of the report.

3.2 Risk Governance

Ekspres Bank has established an overall management structure consisting of a Board of Directors and an Executive Board. Information regarding the number of directorships held by members of the management body is provided in the Annual Report available on the bank's website; expressbank.dk/om/.

Information regarding the recruitment policy for the selection of members of the management body, including their actual knowledge, skills and expertise, along with information on the diversity policy with regard of the members of the management body is also available on the company website; expressbank.dk/om/.

The day-to-day risk management of the bank is performed in accordance to the three-lines-of-defence-model.

Board of Directors

The Board of Directors are the ultimate management body in Ekspres Bank. The Board of Directors decide on our strategy, risk appetite and policies, and provide guidelines to the Executive Board regarding the daily operations. The Board of Directors also oversees the establishment of risk management procedures and monitors risks through the Board Risk Committee and the Board Audit Committee. The Board of Directors also receive reports on compliance with limits and guidelines set out in the policies on an ongoing basis.

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 Risk Committee and an Audit Committee.

The 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 strategy, ongoing risk management and other risk-related issues. The 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.

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

Executive Board

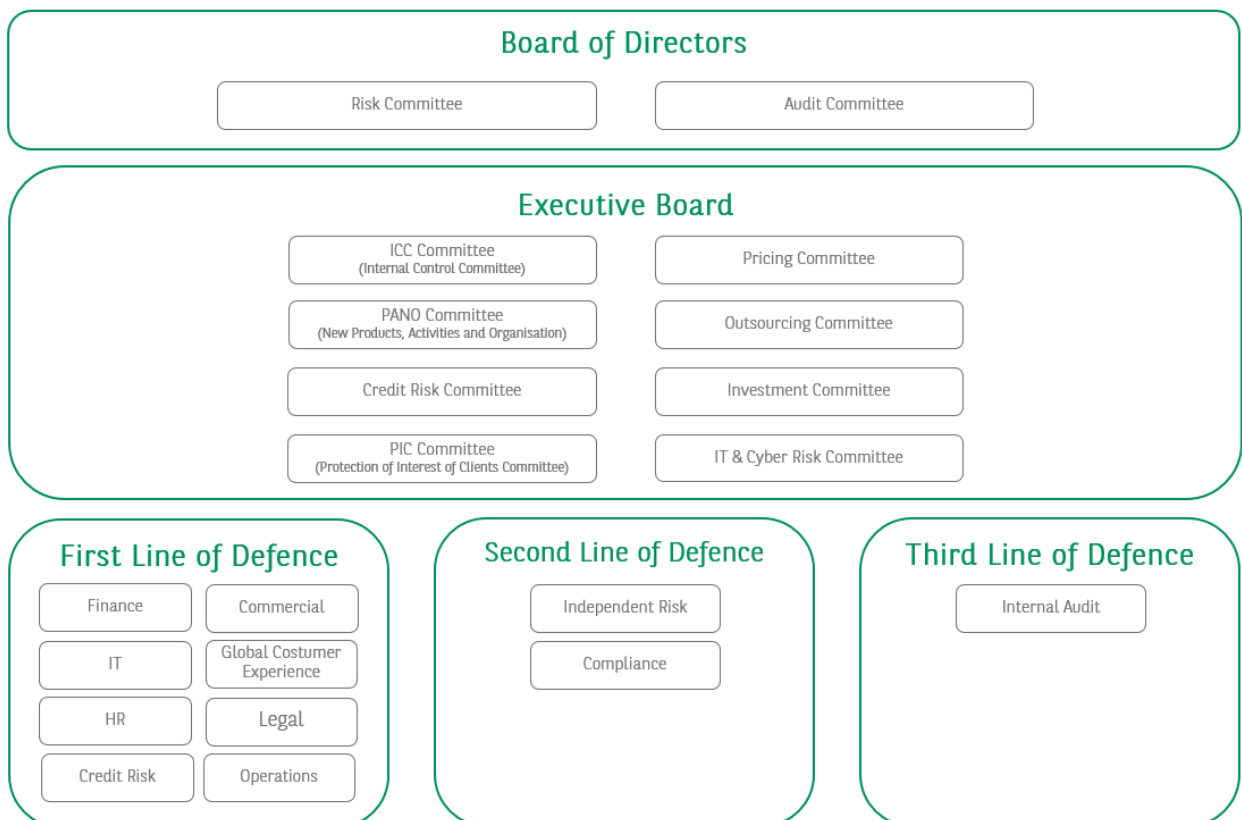
The Executive Board is composed of the Chief Executive Officer (CEO) and the deputy CEO.

The Executive Board is responsible for implementing the bank's strategy and the day-to-day risk management of the bank. This includes practical implementing of risk policies and guidelines adopted by the Board of Directors as well as overseeing and ensuring that policies and guidelines are adhered to.

To assist the Executive Board in monitoring the bank's risk management the Executive Board has established a number of committees generally charged with ensuring adequate risk management within their respective risk area and for preparing issues and topics for discussion and consideration by the Executive Board. The Executive Board Committees are further supplemented by underlying forums,

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

Figure 3.1 Risk Management and Governance



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 and control management framework covering risk awareness and culture, risk identification and anticipation, risk mitigation techniques, risk monitoring and governance. The risk and control management 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 risk takers and responsible for managing and controlling risks in accordance to policies and guidelines approved by the Board of Directors and procedures established by the EB.

The second line of defence (LoD2) consists of the Independent Risk function and the Compliance function. Collectively, the LoD2 functions are responsible for the independent monitoring, controlling 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 to the Board of Directors in cooperation with the Chief Executive Officer (CEO). The CRO and the CCO may also contact the Board of Directors directly and can veto any decisions proposed by LoD1 if the proposal is not compatible with the bank's risk appetite and/or policies.

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.

Further elaboration on the management system, including disclosure on governance arrangements, cf. points a)-c) in article 435(2) CRR, is available on the bank's website, expressbank.dk/om/, including in the Annual Report.

3.3 Risk Appetite

In order to ensure that our business activities are conducted in a safe, sustainable and sound manner and 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 as well as coherence between risk-taking and our business model and values, the Board of Directors have adopted a set of risk appetite statements covering all major risk types the bank is exposed to.

The risk appetite statements describe the principles that must drive decision-making in the risk areas and defines metrics and corresponding limits within which these risks must remain.

The risk appetite statements are horizontally integrated within the core processes in the bank's business units and vertically deployed and articulated at more granular and entity specific levels whenever it is pertinent.

Overall risk appetite statements are stated 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	Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not. The exposure of the Bank to this kind of risk is limited to FX positions.
Interest Rate Risk in the Banking Book	The Bank manages its Interest Rate Risk in the Banking Book (IRRBB) to contribute to stabilize its results at a sustainable level over time while maintaining the exposure to interest rate risk of 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 and regulations and to have effective relationships with the supervisory and regulatory authorities. Accordingly, the Bank is committed to implement an effective management of compliance risk to ensure compliance with applicable laws, regulations and rules of ethics, including through dedicated regulatory programs.
Conduct Risk	The Bank considers as a top priority the long-term relationships and partnerships built with our customers, employees and shareholders. In pursuit of this objective we are 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	Ekspres Bank is very vigilant towards the environmental and social risks factors that could affect its business environment, its clients and its own operational activities. We consider 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.

4.1 Own Funds and Capital Ratios

Ekspres Bank's total capital totalled DKK 2.620m, against DKK 1.784m ultimo 2021. With a total risk exposure amount (REA) of DKK 11.750m at end-2022, this corresponds to a total capital ratio of 22,3%, compared to 19,6% at end-2021.

The bank has strengthened its solvency position during the first half of the year with a capital increase of DKK 331m to cover the current solvency requirement and increasing combined buffer requirements.

Ekspres Bank's Tier 1 capital of DKK 2.122m is primarily made up of Common Equity Tier 1 (CET1) capital (92%), which is the capital required to comply with most of the regulatory capital requirements. Additional Tier 1 (AT1) capital totalled DKK 177m at end-2022.

CET1 capital was DKK 1.945m at end-2022, corresponding to a CET1 capital ratio of 16,5%, against 14,6% at end-2021.

The bank's Tier 2 capital including regulatory adjustments totalled DKK 498m at end-2022.

4.2 Capital Requirements

Ekspres Bank's total regulatory capital requirement is composed of required own funds and a combined capital buffer requirement.

The required own funds represent the minimum capital deemed necessary to cover all material risks in the bank taking into account the business objectives and capital policy targets.

The required own funds are determined as the sum of the so-called Pillar I and Pillar II capital requirements;

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

Table 4.1 Own Funds and Capital Ratios

DKKm	31.12.2022	31.12.2021
Share capital (incl. share premium)	1.535	1.205
Retained earnings	870	1.006
Additional value adjustments	-	-0
Intangible assets	-420	-448
Deferred tax assets	-51	-12
Investment (affiliated undertakings)	-	-10
Other regulatory adjustments	10	44
Common Equity Tier 1 (CET1) Capital	1.945	1.784
Additional Tier 1 (AT1) Capital	177	185
Regulatory adjustments to AT1 capital	-	-
Tier 1 Capital	2.122	1.969
Tier 2 (T2) Capital	498	424
Regulatory adjustments to T2 capital	-	-
Total Capital	2.620	2.394
Risk Exposure Amount (REA)	11.750	12.212
Common Equity Tier 1 ratio	16,5%	14,6%
Tier 1 ratio	18,1%	16,1%
Total capital ratio	22,3%	19,6%

In addition to the required own funds in Pillar I and Pillar II, Ekspres Bank is subject to capital buffer requirements set by the regulators, including a capital conservation buffer and a countercyclical buffer.

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

4.2.1 Own Funds Requirements (Pillar I)

Ekspres Bank's risk 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 2022 total REA decreased by DKK 462m amounting to DKK 11.750m at the end of the year. The decrease in total REA represented a 3,9% reduction, resulting in total own funds requirement of DKK 940m end-2022.

The overall drop in total REA in 2022 was to a large extent driven by a fall in REA for credit risk of DKK 460m in 2022, which was mainly driven by reduced lending activity during the year. Own funds requirement for credit risk amounted to DKK 829m end-2022 corresponding to 88% of total own funds requirement.

Market risk caused an increase of REA by DKK 53m, corresponding to a rise in market risk REA of 94,8%, during 2022 due to a low level of market risk REA end 2021 caused by a downward adjustment of the result in Sweden. End-2022, own funds requirement for market risk constituted DKK 110m, or 1% of the bank's total own funds requirement.

REA for operational risks in 2022 was DKK 102m less than REA for 2021. End-2022 REA amounted to DKK 1.277m corresponding to 11% of the bank's own funds requirement in Pillar II.

REA for operational risk is calculated using the standardised approach, implying that own funds requirement is calculated based on gross earnings of the past three years. The drop in REA for operational risk of 10,9% from 2021 to 2022 is thus a result of gross earnings included in the 2022 operational risk REA calculations, being lower than the gross earnings included in calculating the 2021 REA.

Own funds requirements for operational risk amounted to DKK 102m in 2022.

For further details on risk management of the overall risk types to which the bank is exposed, please refer to the pages 16-27 below.

Table 4.2 Overview of Risk Exposure Amounts and Own Funds Requirements

DKKm	Risk exposure amount (REA)		Own Funds Requirements
	31.12.2022	31.12.2021	31.12.2022
Credit risk (excluding CCR)	10.364	10.824	829
Of which the standardised approach	10.364	10.824	829
Counterparty credit risk - CCR	-	-	-
Settlement risk	-	-	-
Position, foreign exchange and commodities risks (market risk)	110	56	9
Of which the standardised approach	110	56	9
Large exposures	-	-	-
Operational risk	1.277	1.331	102
Of which standardised approach	1.277	1.331	102
Amounts below the thresholds for deduction (subject to 250 % risk weight)	-	-	-
Total	11.750	12.212	940

4.2.2 Individual Own Funds Requirements (Pillar II)

In accordance with the Guidelines issued by the Danish FSA, Ekspres Bank applies the required 8+ methodology for assessing and reporting the capital adequacy.

The 8+ methodology assumes that all normal risks are covered by the Pillar 1 requirement of 8% (see section 4.3.1 above). In addition, the bank is required to assess to what extent it has additional risks and the necessity of an additional capital requirement (pillar 2). Thus, Pillar 2 constitutes Ekspres Bank's own assessment of the capital requirement based on the bank's risk profile.

End-2022 the bank's Pillar II requirements was assessed to comprise 4,1%, where 1,3%-point originate from credit risk, 0,3%-point stem from market risk and 0,8%-point derive from operational risk. Part of these Pillar II add-ons reflect DFSA requirements imposed on the bank following an inspection performed in the summer/fall of 2021.

The Pillar II capital requirement of 1,7%-point related to statutory requirements reflects a general add-on imposed to the bank following the 2021-inspection. The bank is working persistently to address the orders received from the Danish FSA giving rise to the statutory requirements for add-ons in Pillar II. Most orders was closed at end-2022 and the bank expects to close outstanding orders no later than end-Q1 2023.

Full disclosure regarding the bank's ICAAP is available on the bank's website; [ICAAP Disclosure](#).

4.2.3 Combined Capital Buffers

In addition to the own funds requirements in Pillar I and Pillar 2 Ekspres Bank is subject a capital conservation buffer requirement and a countercyclical capital buffer.

The capital conservation buffer is intended to ensure that the bank builds up capital buffers outside periods of stress to, and the capital buffer can be drawn upon in times of financial and economic stress. The capital conservation buffer is currently set at 2,5% and must be met exclusively with CET1 capital.

The countercyclical capital buffer aims to ensure that banking sector capital requirements take account of the macro-financial environment in which banks operate. Its primary objective is to use a buffer of capital to achieve the broader macro prudential goal of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. End 2022 the institution specific countercyclical buffer for Ekspres Bank was a total of 1,4%, made up of countercyclical buffer requirements in Denmark, Sweden and Norway of 2%, 1% and 2% respectively.

Table 4.3 Total Capital Requirements

	31.12.2022		31.12.2021	
	Own Funds Requirements (DKKm)	% of REA	Own Funds Requirements (DKKm)	% of REA
Pillar I Requirement	940	8,0%	977,0	8,0%
of which: Credit Risk	829	8,0%	865,9	8,0%
of which: Market Risk	8,8	8,0%	4,5	8,0%
of which: Operational Risk	102,1	8,0%	106,5	8,0%
Pillar II Requirements	481,8	4,1%	463,3	3,8%
of which: Credit Risk	158,0	1,3%	199,6	1,6%
of which: Market Risk	31,5	0,3%	19,4	0,2%
of which: Operational Risk	88,1	0,8%	244,2	2,0%
of which: Additional Statutory Requirements	204,2	1,7%	0,0	0,0%
Total SREP (TSREP) Own Funds Requirements	1.421,8	12,1%	1.440,3	11,8%
Combined Capital Buffer Requirements	458,3	3,9%	317,5	2,6%
Capital conservation buffer	293,8	2,5%	305,3	2,5%
Countercyclical Capital Buffer	164,5	1,4%	12,2	0,1%
Overall Capital Requirements (OCR)	1.880,0	16,0%	1.757,8	14,4%

The bank's countercyclical buffer has increased from 0,1% end-2021 and is expected to rise further during H1 2023 with the phase in of higher countercyclical buffers in both Denmark (2,5% as of March 2023), Sweden (2% as of June 2023) and Norway (2,5% as of March 2023).

The combined capital buffer requirement is currently 3,9% of the bank's REA, up from 2,6% at end-2021.

Besides the regulatory combined capital buffer requirements the bank has set an internal company buffer of 5,3% (including the countercyclical buffer), requiring an additional company buffer of 3,9% on top of the regulatory requirements at end-2022.

4.2.4 Total Regulatory Own Funds Requirements

The bank's total own funds requirements consist of Pillar I and Pillar II statements and amounted to DKK 1.422m, at the end of 2022. This corresponds 12.1% of the bank's risk exposures, with Pillar II requirements making up around 1/3.

Compared with a total capital of DKK 2.620m and the total capital ratio of 22.3%, the excess solvency is DKK 1.198m, or 10,2% of REA. The excess solvency is sufficient to cover the additional capital buffer requirements the bank's has to meet, e.g. the Capital Conservation Buffer (2,5%), the Countercyclical Buffer (1,4%) and the internal Company Buffer decided by the Board of Directors (3,9%).

When taking into account all regulatory capital requirements and the company buffer, the bank's solvency surplus is reduced to DKK 282m, corresponding to 2,4% of REA. The excess solvency is considered sufficient to ensure the continuous operations of the business as well as the development of the bank.

4.3 Leverage Ratio

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

End 2022, the bank's leverage ratio was 15,5% compared to 13,3% end 2021. The increase in leverage ratio during 2022 was due to an increase in Tier 1 capital and reduced exposure. The current leverage ratio is well in excess of the minimum regulatory leverage ratio requirement of 3.0%.

4.4 Danish Supervisory Diamond

The Supervisory Diamond is a Danish initiative applying to all Danish banks that 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%.

For Ekspres Bank, the benchmark values of the Supervisory Diamond end 2022 appear in table 4.5 and indicating that the bank operates comfortably within the limit values relevant for the Bank.

Table 4.4 Leverage Ratio

DKKm	31.12.2022	31.12.2021
Tier 1 Capital	2.122	1.969
Total Exposure Measure	13.714	14.768
Leverage Ratio, LR (%)	15,5%	13,3%
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

	31.12.2022	31.12.2021
Large Exposures (limit value <175%)	0%	0%
Lending Growth (limit value <20%)	-4,7%	1,0%
Property exposure (limit value <25%)	0%	0%
Liquidity Ratio (limit value >1)	3,86	13,76

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. The following stress scenarios have been completed:

- **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 measurable 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 measurable 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 must 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 and 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.

5.1 Credit Risk Strategy

The Board of Directors in Ekspres Bank has decided on a Credit Policy founded on the two pillars in the bank's business 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 we wish to offer, our preferred distribution channels and which retail partner segments to cooperate with.

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 Risk function performs LoD1 control and monitoring activities in relation to the credit policy and processes.

The Independent Risk function provides LoD2 check a challenge 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. Furthermore, separate reporting is performed and presented during scheduled meetings in the Risk Committee and the Board of Directors.

Outline of the granting process

Given the specificities of 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 and the credit score models are 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 our customers. It also aims to assess the customer's ability to meet the obligations under 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

Credit risk is mitigated through the implementation of collection processes in case of the 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.

The collection teams contact clients facing difficulties to repay, analysing their situation to potentially offer structural solutions in support. The collection processes 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 our 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 exposure amounts and capital requirements for credit risk.

End-2022 total credit risk exposure amount was DKK 13.598m. Of these, DKK 8.679m was related to the Bank's Swedish activities, DKK 4.028m to the Danish and DKK 890m to the Norwegian activities. This represents a decrease of DKK 975m in the total credit risk exposure compared to end-2021, where the total credit risk exposure was DKK 14.573m. Through 2022, the credit risk exposure in Sweden rose by DKK 475m to DKK 8.679m whereas the credit risk exposures in both Denmark and Norway both fell with DKK 969m respectively DKK 482m.

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.

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.

With regard to position taking in any particular market risks, Ekspres Bank is not allowed to take any such uncovered positions at its own risk. Derivatives are exclusively used for hedging purposes, and FX trades are only made to settle debt between the different entities, to transfer profit/loss from the branches to Denmark or to pay external costs.

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 implementation of the market risk policy and guidelines and oversee that risk management is carried out accordingly. Further delegations of authority from the Executive Board to operational management, including the CFO, Deputy CFO and 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 check a challenge 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 prepared and presented to the Board of Directors during scheduled meetings.

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 interest rates on which loans and deposits/borrowings are indexed.

The interest rate received by Ekspres Bank on loans and pays on deposits/borrowings 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 on earnings.

This risk is named Interest Rate Risk in the Banking Book (IRRBB).

IRRBB Risk Appetite

The Board of Directors in Ekspres Bank has outlined limits within which the IRRBB must be contained, with the overall principle being, that bank's 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 with 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 the overall IRRBB limits, the bank monitors the IRRBB in more detail assessing 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.

Ekspres 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.

The bank is not exposed to other foreign exchange risks besides risk related to the intracompany liabilities.

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 Danish FSA considers an FX ratio of more than 8% as excessive risk triggering additional capital add-on. Therefore, the bank has set a limit for the foreign currency risk of +/- 8% of the bank's tier 1 capital.

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 2 solvency requirement of DKK 26,9m end-2022 compared to DKK 19,4m end-2021.

Foreign Exchange Risk

Ekspres Bank calculates the risk exposure amount (REA) and own funds requirements for foreign exchange risk based on the standardised approach. The Bank's exchange risk increased from DKK 56.4m end-2021 to DKK 109.8 end-2022. The level of the exchange risk was low end-2021 because of a downward adjustment of the Bank's Swedish result.

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 in Ekspres Bank include

- data entry errors, failures in internal controls, inadequate data quality and unavailability of ICT systems
- legal risk, involving events resulting in legal proceedings, voluntary actions intended to avoid or mitigate legal risks arising from operational risk events, errors and omissions in contracts and documentation
- errors in the development, implementation and/or use of an internal model
- loss of confidentiality, integrity or availability of ICT assets, a third party technology risk or a risk caused by ICT changes.

7.1 Operational Risk Strategy

The Board of Directors in Ekspres Bank has adopted an Operational Risk Policy outlining, 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.

Operational risks must be contained 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 risk governance.

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

The policy further specify 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 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, in addition to establishing and maintaining the operational risk management framework.

Reporting regarding operational risk management is prepared and presented to the Boards of Directors on a quarterly basis. The bank's Chief Risk Officer also provide the Board of Directors

with a full report on the operational risk management of the bank on an annual basis.

7.2.1 Pillars in Operational Risk Management

Operational risk management in Ekspres Bank is based on five components that are closely linked:

Risk and Control Self-Assessment (RCSA) is the central component of operational risk management in the bank providing 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 RCSA is finally approved, a proper check and challenge of the business unit's RCSA is carried out by LoD2 on a risk based approach.

The RCSA is updated on a continuous basis and formally approved every 12 months.

Internal Controls to mitigate risk are outlined in a control plan prepared by each business unit following its RCSA.

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 a failure concerning 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.

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 and a close follow-up on open recommendations 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 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 dedicated system enabling an overall overview of actions, including implementation status and deadlines.

7.3 Key Risk Figures

The 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 Exposure Amount (REA) for operational risk was DKK 1.277m in 2022 implying an own funds requirement of DKK 102m.

REA and own funds requirement were down 4% compared to 2021-levels due to gross earnings included in the 2022 operational risk REA and own funds calculation, being lower than the gross earnings included in calculating the 2021 REA and own funds requirements.

7.4 Managing Other Non-financial Risks

7.4.1 Compliance Risk

Compliance risk is the risk that legal or regulatory sanctions are imposed on Ekspres 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.

The bank recognizes 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 aiming at ensuring compliance with applicable laws, regulations and rules of ethics, including through a Compliance Policy adopted by the Board of Directors along with requiring employees to continuously attend dedicated regulatory awareness training.

7.4.2 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 our customers, employees and shareholders. In pursuit of this objective we are 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.

The Board of Directors in Ekspres Bank has acceded to the Code of Conduct of BNP Paribas Group. The Code of Conduct 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.

7.4.3 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. 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.

In an era of increased digitization of activities, widespread use of the internet or multiple networks as the primary communication channels and increasing demand for online processing, the bank must continue to maintain digital trust with its customers.

The bank seeks to mitigate information security risks and secure its information, and recognizes that failure to do so may lead to financial, reputational and legal consequences. Therefore, the bank has adopted a standardized risk taxonomy to help focus and treat its main risks, known as related to availability and continuity, security, change, data integrity and outsourcing.

Mitigation relies on a set of measures including, but not limited to, raising employees' awareness on information security imperatives and best practices, tighter 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 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.

7.4.4 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 defence* 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 efficient and effective, and adhere to regulatory and internal standards the 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 review of the model risk management.
- Internal Audit form the third line of defence and ensures that the first two lines of defence are operating effectively.

8. Liquidity and Funding

LIQUIDITY RISK DEFINITION

Liquidity risk defined is 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 the adopted business model, 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.

8.1 Liquidity Risk Strategy

Ekspres Bank's activities in Denmark and Norway is exclusively funded by our parent company, BNP Paribas SA (hereafter named BNPP) whereas the funding in the Swedish branch is partly raised from deposits from private customers, and partly from BNPP. The funding agreements with BNPP consist of sufficient credit line agreements 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 line for each currency (DKK, NOK and SEK) to cover the funding need for the next 12 months.

The Board of Directors in Ekspres Bank has adopted a Liquidity Policy outlining that the bank's liquidity risk must be limited. To observe a limited liquidity risk the bank:

- negotiates new credit once a year lines to ensure that the amount of available credit line can cover the next 12 months liquidity needs
- meets the requirements defined in the Danish FSA Supervisory Diamond liquidity benchmark
- meets the requirements for the Liquidity Coverage Ratio (LCR) set out in CRR with the limit levels of 100% and an internal requirement of 250%

- has a funding structure that complies with the limit values for the Net Stable Funding Ratio (NSFR) and, monitored on a quarterly basis, with an internal requirement of 105%.

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 framework 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 oversee 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 check a challenge according to a risk-based approach validating that liquidity risk management is performed in accordance to the overall framework.

Reporting on liquidity ratio is prepared and presented to the Board of Directors on a quarterly basis. 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 there is sufficient free available lines to continue the bank's strategy or if additional funding is needed.

8.2.1 Intraday Liquidity Management

All liquidity positions within Ekspres 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 Ekspres 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 to be exploited in a liquidity emergency that either increase funding resources or reduce the need for funding.

To have sufficient time for recovery initiatives to generate the expected positive effects, and avoid breach of any regulatory liquidity requirements, the bank has set up thresholds of early warnings and internal limits.

8.3 Key Risk Figures

Liquidity Coverage Ratio (LCR)

The regulatory requirement of Liquidity Coverage Ratio (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-2022 Ekspres Bank's LCR was 426% which is considerably higher than the regulatory minimum requirement, and with an appropriate margin to the bank's internal objective of an LCR of at least 250%.

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.

End-2022 the NSFR was 113%, i.e. in excess of both the regulatory requirement and the bank's internal objective of 105%.

Table 8.1 Liquidity Coverage Ratio, LCR

DKKm	31.12.2022	31.12.2021
Total High-Quality Liquid Assets (HQLA) (weighted value - average)	442,5	470,4
Cash Outflows (total weighted value)	607,1	769,9
Cash Inflows (total weighted value)	503,3	623,9
Total Net Cash Outflows (adjusted value)	103,9	146,0
Liquidity Coverage Ratio, LCR (%)	426%	322%

Table 8.2 Net Stable Funding Ratio, NSFR

DKKb	31.12.2022	31.12.2021
Total Available Stable Funding	12,0	12,7
Total Required Stable Funding	10,6	11,2
NSFR Ratio (%)	113%	113%

9. Remuneration

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

When formulating its 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 MRT's (Material Risk Takers) as well as governance and administration of the remuneration process. The Bank's remuneration policy can be found [here](#).

For details on the Bank's remuneration in 2022, please refer to EU REM1 on page 38.

10. Management Declarations

Ekspres Bank's Executive Board and Board of Directors approved the bank's report on Capital and Risk Management on 24 July 2023.

The Board of Directors believes 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, in the opinion of the Board of Directors, the risk management systems in the bank are appropriate given the risk appetite and strategy set for the bank.

We believe that Ekspres Bank's general risk profile is on 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 believed to transparent and controllable.

The review also shows 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

16,5%

2021: 14,6%

TOTAL CAPITAL RATIO

22,3%

2021: 19,6%

INDIVIDUAL SOLVENCY NEED

12,1%

2021: 11,8%

LEVERAGE RATIO

15,5%

2021: 13,3%

LIQUIDITY COVERAGE REQUIREMENT

426%

2021: 322%

NET STABLE FUNDING RATIO

113%

2021: 113%

Copenhagen, the 24th July 2023

EXECUTIVE BOARD

Annika Olsson
CEO

BOARD OF DIRECTORS

Anais Raynaud
Chairman

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

11. Tables for Disclosure

EU CC1 - Composition of regulatory own funds

DKK '000		31.12.2022	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 <i>Of which Instrument type 1</i> <i>Of which Instrument type 2</i> <i>Of which Instrument type 3</i>	1.535.368	A (Ref. EU-CC2)
2	Retained earnings	869.763	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	2.405.131	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-	
8	Intangible assets (net of related tax liability) (negative amount)	-419.733	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)	-51.149	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	10.359	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-460.523	
29	Common Equity Tier 1 (CET1) capital	1.944.608	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	176.937	I (Ref. EU-CC2)
31	<i>Of which classified as equity under applicable accounting standards</i>	176.937	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	176.937	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)	-	J (Ref. EU-CC2)
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	176.937	
45	Tier 1 capital (T1 = CET1 + AT1)	2.121.545	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	497.997	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	497.997	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)	-	L (Ref. EU-CC2)

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	497.997
59	Total capital (TC = T1 + T2)	2.619.542
60	Total Risk exposure amount	11.750.294

Capital ratios and requirements including buffers

61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	16,5
62	Tier 1 (as a percentage of total risk exposure amount)	18,1
63	Total capital (as a percentage of total risk exposure amount)	22,3
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)	12,5
65	<i>Of which capital conservation buffer requirement</i>	2,5
66	<i>Of which countercyclical buffer requirement</i>	1,4
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>	4,1
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9,7
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)

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

DKK *'000	Balance sheet as in published financial statements and under regulatory scope of consolidation	
	31.12.2022	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	18	
Receivables from credit institutions and central banks	659.741	
Loans and other receivables at amortised cost	12.709.879	
Investment securities	8.488	
Goodwill	228.183	F
Other intangible assets	191.550	F
Property, plant and equipment	19.847	
Current tax assets	21.593	
Deferred tax assets	51.149	G
Other assets	71.355	
Prepayments	336.730	
Total assets	14.298.533	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
Due to credit institutions and central banks	4.091.569	
Deposits from customers	6.828.551	
Other liabilities	163.008	
Deferred income	117.635	
Provisions for deferred tax	17.705	
Subordinated loans	497.997	
Share capital	341.000	A
Share premium	1.194.368	A
Retained earnings or loss brought forward	869.763	B
Additional T1 equity	176.937	I
Total liabilities and equity	14.298.533	

EU KM1 - Key metrics template

DKKm		31.12.202 2	31.12.202 1
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	1.945	1.784
2	Tier 1 capital	2.122	1.969
3	Total capital	2.620	2.394
Risk exposure amounts			
4	Total risk-weighted exposure amount	11.750	12.212
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	16,5	14,6
6	Tier 1 ratio (%)	18,1	16,1
7	Total capital ratio (%)	22,3	19,6
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 (%)	4,1	-
EU-7b	<i>Of which to be made up of CET1 capital (percentage points)</i>	2,3	-
EU-7c	<i>Of which to be made up of Tier 1 capital (percentage points)</i>	3,1	-
EU-7d	Total SREP own funds requirements (%)	12,1	8,0
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 (%)	1,4	0,1
EU-9a	Systemic risk buffer (%)	-	-
10	Global Systemically Important Institution buffer (%)	-	-
EU-10a	Other Systemically Important Institution buffer	-	-
11	Combined buffer requirement (%)	3,9	2,6
EU-11a	Overall capital requirements (%)	16,0	10,6
12	CET1 available after meeting the total SREP own funds requirements (%)	5,8	7,5
Leverage ratio			
13	Leverage ratio total exposure measure	13.714	14.768
14	Leverage ratio (%)	15,5	13,3
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)	443	470
EU-16a	Cash outflows - Total weighted value	607	770

EU-16b	Cash inflows - Total weighted value	503	624
16	Total net cash outflows (adjusted value)	104	146
17	Liquidity coverage ratio (%)	426	322
Net Stable Funding Ratio			
18	Total available stable funding	11.974	12.679
19	Total required stable funding	10.615	11.216
20	NSFR ratio (%)	113	113

EU OV1 - Overview of risk weighted exposure amounts

DKKkm		Risk Exposure Amount (REA)		Total own funds requirements
		31.12.2022	31.12.2021	31.12.2022
1	Credit risk (excluding CCR)	10.364	10.824	829
2	Of which the standardised approach	10.364	10.824	829
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)	110	56	9
21	Of which the standardised approach	110	56	9
22	Of which IMA	-	-	-
22a	Large exposures	-	-	-
23	Operational risk	1.277	1.331	102
EU-23a	Of which basic indicator approach	-	-	-
EU-23b	Of which standardised approach	1.277	1.331	102
EU-23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29	Total	11.750	12.212	940

EU OR1 - Operational risk own funds requirements and risk exposure amounts

31.12.2022 DKKm	Relevant indicator			Own Funds Requirements	Risk Exposure Amount
	Year-3	Year-2	Last year		
1 Banking activities subject to basic indicator approach (BIA)					
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	901	886	766	102	1.277
3 Subject to TSA:	901	886	766		
4 Subject to ASA:					
5 Banking activities subject to advanced measurement approaches AMA					

EU REM1 – Remuneration awarded for the financial year 2022

31.12.2022 DKKm			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	12	3	8	5
2		Total fixed remuneration	3.836	4.646	11.602	6.098
3		Of which: cash-based	3.836	4.646	11.602	6.098
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		Of which: other forms				
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	12	3	8	5
10		Total variable remuneration	176	958	1.427	117
11		Of which: cash-based	176	958	1.427	117
12		Of which: deferred				
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				
EU-14b		Of which: deferred				
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)		4.012	5.604	13.029	6.215