Ekspres Bank A/S

Oldenburg Allé 3
DK-2630 Taastrup
CVR No. 16 91 79 31

Annual Report 2022

Contents

Company Information

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

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

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

BOARD OF DIRECTORS
Jean-Pierre Charles *(Chairman)*
Caroline Soulié
Claudine Francoise Pince Smith
Terence Mc Cormick
Gilles de Wailly
John Poulsen
Magnus Beer
Michael Ravbjerg Lundgaard *(Independent director)*
Marion Lorenzen *(Employee representative)*
Jenny Gaffner *(Employee representative)*
Axel Stefan Lundström *(Employee representative)*
Per Eriksønn Brobakke *(Employee representative)*

EXECUTIVE BOARD
Annika Olsson
CEO

AUDITORS
Deloitte

CEO Comments

2022 has been a year of embracing a new epoch of volatility. Following the global COVID-19 pandemic, the wake of the war in Ukraine has carved swathes of insecurity and geo-economics and -political uncertainty affecting individuals, companies, communities and society alike.

Contrary to the average development of the European area, the Nordic households have generally had a fair share of savings to counter some of the macroeconomic challenges. Albeit, the Nordics has not remained unscathed, with the consumer confidence dropping as inflation ascended followed by the hollowing of real wage, rising interest rates and utility prices soaring each and all demanding a lion's share of the household's savings – as the economic development started to affect customer's ability to pay.

The Bank has throughout this period invested in preemptive measures, monitoring the development of the macroeconomic crisis closely and having instigated prudent and timely measures to counter potential future detriment.

Our improved implementation of creditworthiness has brought us even closer to our partners and customers, while simultaneously enhancing the credit assessment of our customers, has lowered the risk of potential eventualities of future payment difficulties. The strengthened focus on corporate governance has in part formed the establishment of Independent Risk as a stand-alone function, 2. Line of Defense, which has increased the Bank's overall risk awareness and risk culture, and catered for improved risk reporting, across the Bank and to the Board of Directors alike.

Our new Nordic IT platform, a platform in which we have invested considerable efforts, was launched in summer 2022. Our new IT platform enables us to offer our Nordic retail partners a seamless Nordic setup and to extend our product offers to even more potential customers and partners across the Nordic region. Following the launch of the Nordic IT platform, we have started a journey to harvest synergies in setup in systems, products and processes, which will fuel our business plans for growth and diversification with the new opportunities for our partners, customers and employees alike.

Having concluded the first imperative steps on our transformation journey, we have created a solid platform and point of departure for future successes across the Nordics, providing opportunities to venture into new areas reaching beyond our current core business.

As we look ahead from the beginning of 2023, the outlook is still volatile and turbulent, and with our years of experience from encountering and overcoming challenges – we remain hopefully optimistic for the future, to bolster our foundation further while delivering on future growth. In 2023, the Bank will intensify its focus on the continued transformation and aspiration towards a fully Nordic approach, servicing Nordic partners and customers alike, through offering a seamless integration of our financial solutions with our partners and delivering the best possible conditions for our customers.

Our vision for the future remains unchanged, with the support of our Board of Directors, we look forward to deliver and implement our ambitious strategy plan, with Ekspres Bank as the best and preferred choice for all our customers and partners in the Nordics.

Annika Olsson
Nordic CEO

Statement by the Management

"The Board of Directors and the Executive Board have today reviewed and approved the Annual Report of Ekspres Bank A/S for 2022. The Annual Report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the Annual Report gives a true and fair view of the Bank's assets, liabilities and financial position at the 31st December 2022 as well as the result of operations for the period 1st January – 31st December 2022.

Moreover, in our opinion, the management's review gives a true and fair view of the development of the Bank's activities and financial position and describes the most significant risks and uncertainties that may affect the company.

The management will submit the Annual Report to the general meeting for approval.
Copenhagen, the 13th April 2023.

EXECUTIVE BOARD

Annika Olsson
CEO

BOARD OF DIRECTORS

Jean-Pierre Charles
Chairman

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Gilles de Wailly

John Poulsen

Magnus Beer

Michael Ravbjerg Lundgaard

Axel Stefan Lundström

Marion Lorenzen

Per Eriksønn Brobakke

Jenny Gaffner

Independent Auditor's Report

To the shareholder of Ekspres Bank A/S

OPINION

We have audited the financial statements of Ekspres Bank A/S for the financial year 01.01.2022 to 31.12.2022, which comprise the financial highlights, income statement and comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2022 and of its financial performance for the financial year 01.01.2022 to 31.12.2022 in accordance with the Danish Financial Business Act.

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

BASIS FOR OPINION

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

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

We were appointed auditors of Ekspres Bank A/S for the first time on 16.03.2016 for the financial year 2016. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of seven years up to and including the financial year 2022.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 01.01.2022 to 31.12.2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Judgments and estimates with respect to valuation of loan receivables

Ekspres Bank A/S' loans amounted to DKK 12.710 million at 31 December 2022 (31 December 2021: DKK 13.341 million). From 1 January to 31 December 2022, loan impairment charges amounted to DKK 378 million (1 January to 31 December 2021: DKK 407 million).

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

The principles for determining loan impairment charges are further described in the Summary of significant accounting policies, and Management has described the management of credit risks and the review for impairment in note 7 and 23.

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

- Parameters and management judgements in the calculation model used to determine expected losses in the 3 stages.

How the matter was addressed in our audit

Based on our risk assessment, our audit comprised a review of the Bank's relevant procedures, testing of relevant controls and analyses of the credit quality of loans, including the amount of impairment charges.

Our audit procedures included, but were not limited to:

- Challenging the methodologies applied for the areas involving the highest level of management judgement by using our industry knowledge and experience.
- Challenging key assumptions regarding certain parameters in the calculation model applied with particular focus on objectivity and the data used.
- Challenging management judgments in the calculation model used with special focus on the management consistency and bias, including challenging documentation of adequacy of management judgement.
- Obtaining and substantively testing the accuracy of the impairment model's segmentation in stratas.
- Reviewing, on a portfolio basis, credit-impaired loans, including checking for adequate impairment charges.

Independent Auditor's Report

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

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

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

Independent Auditor's Report

STATEMENT ON MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 13.04.2023

DELOITTE

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jens Ringbæk
State-Authorised Public Accountant
MNE no 27735

Board of Directors

Board of Directors

Jean-Pierre Charles
Chairman of the Board of Directors

Caroline Soulié
Board Director

Claudine Francoise Pince Smith
Board Director

Terence Mc Cormick
Board Director

Gilles de Wailly
Board Director

John Poulsen
Board Director

Magnus Beer
Board Director

Michael Ravbjerg Lundgaard
Independent Board Director

Jenny Gaffner
Employee Representative

Marion Lorenzen
Employee Representative

Axel Stefan Lundström
Employee Representative

Per Eriksønn Brobakke
Employee Representative

Executive Board

Annika Olsson
Nordic CEO

Board of Directors

Jean-Pierre Charles (Chairman of the Board)
Deputy Chief Executive Officer Non-Domestic Markets and Chief Executive Officer UK, Nordics & Portugal - BNP Paribas Personal Finance
Chairman of the Board – Ekspres Bank A/S

Caroline Soulié
Head of Customers and Partners experience and BtoC - BNP Paribas Personal Finance
Board Director – Ekspres Bank A/S

Terence Mc Cormick
Chief Risk Officer - BNP Paribas Personal Finance
Board Director – Ekspres Bank A/S

John Poulsen
Board Director – Ekspres Bank A/S
Member of Risk – and Audit Committee - Ekspres Bank A/S

Claudine Francoise Pince Smith
Country Head - BNP Paribas Norway
Board Director – Ekspres Bank A/S
Board Director – Alfred Berg Kapitalforvaltning AS
Board Director – BNP Paribas Leasing AS
Chairwoman of the French Trade Advisor in Norway
Vice-Precident of the French-Norwegian Chamber of Commerce

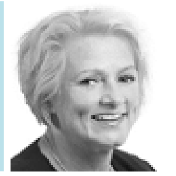
Magnus Beer
Board Director – Ekspres Bank A/S
Chairman of Risk Committee - Ekspres Bank A/S
Board Director – Sigtunaskolan Humanistiska Läroverket Foundation
Board Director – Beer Wallden Holding AB

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

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

EMPLOYEE REPRESENTATIVES

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



Jenny Gaffner
Board Director – Ekspres Bank A/S
Chairman of the Board – Malmö Montessori School

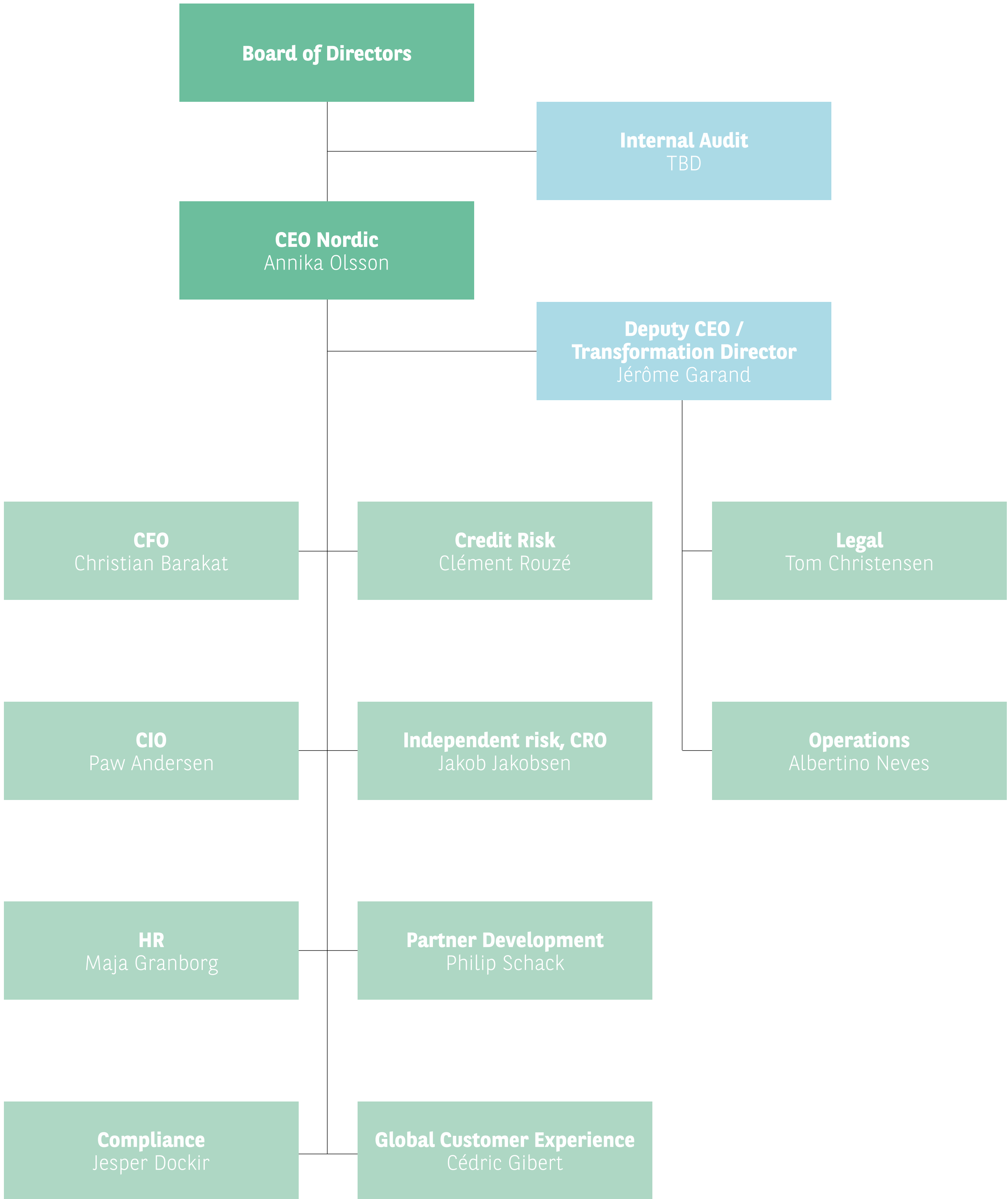
Per Eriksønn Brobakke
Board Director – Ekspres Bank A/S

Axel Lundström
Board Director – Ekspres Bank A/S

EXECUTIVE BOARD

Annika Olsson
Nordic CEO – Ekspres Bank A/S
Board Director – Finans & Leasing
Board Director – IDEX Biometrics ASA

Nordic organisation



Our business

BUSINESS INTRODUCTION

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.

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:

1. 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

2. 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.

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.
In total, we:

- Employ >300 colleagues (equivalent to 301 FTEs)
- Serve >500.000 customers
- Process >1.500.000 applications annually

INTERNATIONAL SUPPORT BASE

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

Our business

High Customer Satisfaction

Our customer rates our Bank

4.3 out of 5 on Trustpilot*

High Retailer Satisfaction

Our retail partners rate our service

7.76 out of 10**

**Average score in the Banking industry is 3,4*
***in our latest retailer satisfaction survey*

EMPLOYEE PROFILE

51% **Female employees**

49% **Male employees**

≦ 30 years	31 - 50 years	> 50 years
22%	56%	22%

THREE CORE VALUES

We manage our company based on three core values: **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

A CULTURE OF RESPONSIVENESS

Our workplace culture is based on the desire to ensure that our colleagues are happy to go to work. This year we took the opportunity to expand the work of our annual Global People Pulse Survey and rolled out a follow-up programme during H2 to access and evaluate the results. By combining cross-organisational workshops and team specific workshops we engaged the entire organisation, and we captured the very essence of where we can improve and make a difference. Four main development areas were identified, and with the responsibility and commitment anchored in our Nordic Executive Committee, the attention to these areas will continue in 2023.

THE KISS APPROACH

KISS stands for "**K**eep **I**t **S**imple and **S**mart" and it 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 behavior, work phone professionalism and meeting culture.

We rolled out the guidelines at the end of 2021, and 2022 was dedicated to support the implementation and compliance of the internal work guidelines.

Our business

CSR ON THE AGENDA

Ekspres Bank follows fundamental rules and principles to pursue the position as a responsible bank e.g.:

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

Due to the world's unprecedented challenges: Climate changes, the depletion of natural resources, and rising inequalities, combined with high sustainability ambitions from our parent company, we have committed to a long-term transformation of our company, as we aim to contribute to BNP Paribas' ambition to be the leader in sustainable finance.

We commit to make a positive impact in three key domains:

T: **be exemplary as a company and employer**

T: **transform our business, operating models and offers**

T: **make a positive impact beyond our business in our fields of expertise**

To support this long-term transformation with a strategic milestone at 2025, the Nordic Executive Committee formulated a plan with focus areas for 2022. Examples of initiatives conducted in 2022 are:

- Ensure that we offer a sustainable and inclusive workplace which is attractive for colleagues at all ages and level of seniorities, with diverse backgrounds culturally, religiously, country of birth etc. and giving special attention to secure a gender balance of at least 60/40. To raise awareness of the unequal gender population of management positions in the banking sector, we created a global internal and local external communications campaign, leveraging on our female CEO as a role model and benefiting from the courageous statements of a series of colleagues across departments, organizational hierarchy, age, seniority and gender

- Continue to support Smart Working and provide our colleagues with great flexibility in their lives, facilitating a sound work-life balance by the ability to work at our premises and from home

- Support the mental and physical health of our colleagues by organizing events that encourage physical and social activity, exemplified by a "Bike to Work" event in February

- A movement towards a stop of plastic and paper usage at work to the extent possible. A change in procedure, as we have stopped renewing internal laptops every three years. Instead, we consider the specific individual needs before replacement, as we strive for them to last as long as possible

- A commitment to share knowledge and examples of initiatives which make a positive impact, in order to increase awareness amongst our colleagues and to create engagement. An example of an initiative in this category was the launch of an internal workshop program "Engage4Impact", which aims to increase awareness about sustainability and inspire for more actions at a company- and individual level and create an ambassador corps

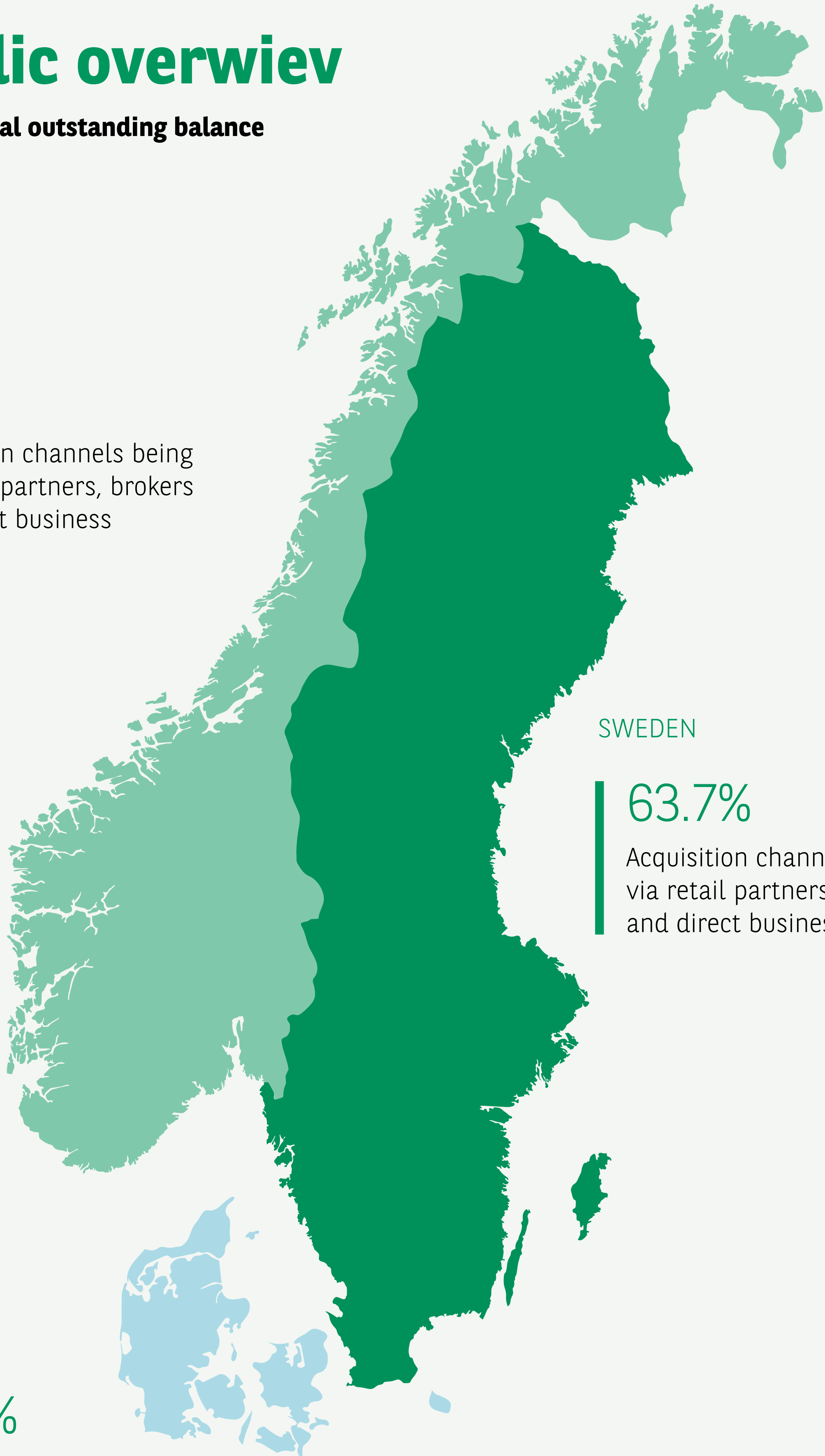
- A strive towards a 100% digital document exchange flow with our more than 500.000 customers. Advocation for e-billing to our customers in order to reduce paper usage. While we work towards our target of being 100% digital, we acknowledge that penetration rates differ across countries. Our Danish customers are front-runners with a rate of 99.36% receiving their payment notification digitally

- A commitment to support people on financial and digital literacy by empowering people with access to knowledge and digital devices, to foster autonomy and responsibility. Our home banking service is key to accompany our customers remotely and help them achieve self-service operations at any time and place. On this note, we look forward to launch a new app to our Nordic customers in 2023, which will enable us to enhance our services to our customers remarkably. In addition, we believe to have an obligation to share knowledge about financial fundamentals, and we use every opportunity to do so. On our websites, by emails and social media channels, our customers find advices on budgeting and guidance related to everyday life, everyday consumption and everyday savings

- A responsibility to educate the next generation in how to manage money responsibly, which is why we participated in Global Money Week in March 2022, a global awareness-raising campaign organized by OECD/INFE dedicated to improve financial awareness, knowledge and skills of young people. To celebrate the 10th edition of Global Money Week, we partnered with JA Europe, on the theme "Build your future, be smart about money"

Nordic overwiev

Share of total outstanding balance



NORWAY

6.8%

Acquisition channels being via retail partners, brokers and direct business

SWEDEN

63.7%

Acquisition channels being via retail partners, brokers and direct business

DENMARK

29.5%

Acquisition channels being via retail partners, brokers and direct business

Risk factors

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

FINANCIAL RISKS AND POLICIES

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

CREDIT RISK

The Bank's primary risk is the credit area. The maximum loan amount granted to private individuals is 500.000 DKK, 500.000 NOK and 750.000 SEK in Denmark, Norway and Sweden.

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, synthetic, coherent and up-to-date analysis of the client and the transaction. This includes understanding the client needs on all transactions and checking the adequacy of the proposed transactions with the objectives of clients.

The bank performed a review of its Credit Worthiness assessment leading to significant changes, notably in Denmark, where the Credit worthiness 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.

In order to mitigate risk resulting from the exposure within the credit area, the Bank executes on a defined strategy of operating geographically and demographically diversified loan portfolio in the Nordic countries and furthermore the average loan size per debtor is limited.

The Bank performs a systematic monitoring of the loan portfolio at all stages. Furthermore, the Bank performs an automated credit scoring of all new loans. The credit scoring is based on historical performance, information received from its customers, information from digital solutions with public authorities and registers with the customer's approval.

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

The Bank mitigates credit risk through the implementation of collection processes in case of the customer failing to meet its obligations in accordance with agreed terms. These collection processes are performed by the Bank's internal collection department and outsourcing partners.

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.

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

MARKET RISK

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

Risk factors

MARKET RISK; INTEREST RATE RISK

Interest rate risk is the risk of a potential loss following a change in interest rates (increase or decrease). The Bank's interest rate risk derives from the difference between the interest on the Bank's loans book and the interest on the funding (including the interest rate risk on deposits).

Most of the Bank's lending and deposits are provided on adjustable rate basis, which means that the market risk is limited. The Bank's policy is to match the interest risk on the funding and loans in order to mitigate the interest risk. The Bank attempts, as far as possible, to hedge the remaining risk with swaps.

MARKET RISK; CURRENCY RISK

Currency risk is the risk of potential loss following unfavourable movements in exchange rates.

With the aim of reducing exchange-rate risk to the lowest possible level, it is the Bank's policy to obtain funding in the same currency as loans. Thus, the Bank is exposed to very limited FX risk.

LIQUIDITY RISK

Liquidity risk is the situation where the Bank is not able to fund the Bank's activities or repay debt including repaying deposits to clients.

The Bank is partly funded by BNP Paribas S.A. who is on the Financial Stability Board's list of Global Systemically Important Banks (G-SIBs). The rating of BNP Paribas is Moodys; AA3 and from standard and Poors: A+. On top of that, a large part of the Bank's balance in Sweden is funded by small deposits, from retail customers, with a maximum placed of up to SEK 1m per client.

That means the Bank has very stable funding sources and easy access to funding, which limits the Bank's liquidity risks.

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

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

Necessary measures are prioritized as follows:

- Increase in current credit lines
- Establishment of more irrevocable money market lines

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

OPERATIONAL RISK

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

Ekspres Bank considers the following elements as operational incidents: Events resulting from the inadequacy or failure of internal procedures/processes or external events, which has, could or could have resulted in a gain or loss of profit.

The Bank's policy regarding operational risks details the risk profile with the aim of mitigating significant risks that might affect the business.

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

IT SECURITY

The Bank has up to date IT Security policy which is in line with legislation and the governance framework. A business continuity setup is in place including regular fail-over testing verifying the redundant architecture of the Bank. The Bank monitors it's outsourcing activities on an ongoing basis, conducting regular due diligence and security assessments including reviewing audit report.

CORPORATE CULTURE

Ekspres Bank has a policy for healthy corporate culture (code of conduct). Ekspres Bank in no way accepts the abuse of financial crime, including money laundering, terrorist financing, tax evasion etc. Neither does the Bank accept any kind of market manipulation, bribery or corruption. We operate a bank that acts responsibly, and the Bank will under no circumstances compromise on this principle. At the general meeting, the Chairman describes the implementation and compliance with the policy.

IN GENERAL

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

Management commentary

HIGHLIGHTS 2022

2022 was marked by significant global events, including the ongoing war in Ukraine, which initiated a chain of events that resulted in the largest increases in the consumer prices for more than forty years. Especially, food and energy prices were under a massive pressure. These price effects magnified the supply chain challenges still existing in the aftermath of COVID-19. On average, the Nordic households are well cushioned against economic setbacks but despite this, the consumer confidence in the Nordic countries 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. In parallel the 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.

On the regulatory side, the Danish implementation of the revised guidelines on the creditworthiness resulted in new operational procedures regarding the assessment of the Bank's customers. These more restrictive assessments resulted in a moderate decrease in the Bank's loan balance compared to 2021 (-4.7%).

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, operational procedures has been put in place to comply with the orders, and an independent risk function and a separated AML function has been established. The Bank aims for a fully closure of the orders in the first quarter of 2023 and has a firm belief that the initiatives put in place will strengthen the Bank's position on the Nordic financial market and support future growth.

On the internal line, the Bank 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. This will take the Bank to a position where it can provide better service for its partners and customers while at the same time implementing more efficient and flexible operating processes. In June 2022, the Bank 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.

CAPITAL ADEQUACY RATIO AND EQUITY

The Bank´s capital base, less deductions, amounts to DKK 2.620m (including Tier1 and Tier2) and the capital adequacy ratio amounts to 22.3% at the end of 2022.

The Bank´s solvency need is calculated to DKK 1.422m, at the end of 2022, corresponding to 12.1% of the risk-weighted exposures. Compared with the actual capital base of DKK 2.620m including T1 capital and the capital adequacy ratio of 22.3%, the excess solvency is DKK 1.198m (10.2%), which is sufficient to cover the Capital Conservation Buffer, the Countercyclical Buffer and the Company Buffer decided by the Board of Directors. The excess capital adequacy is considered sufficient, and will ensure the continuous operations of the business as well as the development of the Bank.

The bank has strengthened its solvency position during the first half of the year with a capital increase of DKK 330.5 m to cover for the current solvency requirement and the increasing combined buffer requirements.

Equity totaled DKK 2.582m against DKK 2.396m at the end of 2021 including T1 loan.

No payment of dividend is planned based on the Annual Report 2022 except for the interest on the Additional Tier 1 capital of DKK 15.2m.

LOANS AND RECEIVABLES

The outstanding loans amount to DKK 12.710m, compared with DKK 13.341m at the end of 2021, which corresponds to a decrease of -4.7%, following a significant temporary reduction in production of new loans. This is partly due to the implementation of new guidelines on creditworthiness and migration to One Nordic platform, in addition to the overall macroeconomic challenges which has lowered the customers' appetite. The decrease of DKK 631m is mainly driven by Denmark and Norway, partly offset by an increase in the growth in the Swedish market mainly driven by a different pricing strategy compared to the market.

Management commentary

NEW LOANS

Globally the amount of new loans and credit facilities in 2022 has increased compared to 2021 (+9.5%), although with a different product mix and margin, decreasing the overall loan portfolio. Strong growth in volumes in the Norwegian market (+28.6%) and the Swedish market (+46.2%) was partly offset by a small decrease in the Danish (-0.7%).

BALANCE SHEET

During 2022, the Bank's balance sheet decreased by DKK 1.056m from DKK 15.355m to DKK 14.299m. The decrease is primarily driven by the decrease in loans and receivables and a decrease in receivables from credit institutions.

CREDIT RISK

As credit risk is the single most important risk component, the Bank allocates significant resources in securing a strong credit risk surveillance and mitigation. At end of 2022, impairment losses amounted to DKK 378m against DKK 407m in 2021. Accordingly, the impairment loss ratio is 2.7% in 2022 compared to 2.8% in 2021. This development is impacted by a debt sale of the Danish litigation portfolio, which resulted in a positive profit and loss statement impact of DKK 25m. The LGD (Loss Given Default) for the Danish portfolio was also positively impacted by this debt sale price. Generally the cost of risk has been affected negatively in 2022 by two main one off adjustments impacting Sweden with a negative update of provision rates leading to a significant increase in the LGD, based on observed performance since last debt sale, and the implementation of new definition of default leading to a reclassification of some accounts.

Due to the current uncertainty of the macro economic outlook and the consequences of this for the Bank's customers, an additional provision for inflation of DKK 32m has been made on healthy customers.

During the last couple of years, the Bank reviewed its creditworthiness assessment process in Denmark leading to a significant increase in the number of manual handling of new loan applications. To increase the automation and minimize the operational risk the Bank has started a collaboration with a Fintech company specialized in IT- solutions.

Additionally, the Bank has worked on its Non-Performing Loan (NPL) reduction strategy and will further execute its plan through 2023 and onwards. This strategy relies on three pillars:

- An improved granting process, based on a thorough creditworthiness assessment which will lead to the decrease of risky loan production and therefore a decrease of the NPLs
- A faster collection process, focusing on early stages to accelerate cash collection and prevent accounts from going non-performing
- A reduction of stage 3 outstanding mainly through NPL asset sales to decrease the current NPL ratio of the bank and Forward Flow debt sales agreement to lower future NPL flows

RESULTS OF OPERATIONS

In 2022, the Bank delivers an overall result at DKK -146m before tax, which is below the expectations stated in the half year report. The negative result is mainly driven by negative product mix and rate effect resulting in lower interest margins. Further funding cost have increased together with higher cost of risk. Opex are pressured by increased inflation and strategic investment. Additionally we did not anticipate the market difficulties to perform the Swedish debt sale which impacted the LGD negatively as well as the cleaning of unused asset that had to be performed.

Net interest and fees decrease by 14.2% (down DKK 125m) compared to 2021. This is influenced by a negative volume effect in the Denmark and Norway and a changed product mix carrying a lower interest margin. Market conditions has resulted in increased funding rates and has pressured the margin for the whole banking sector. The Bank has put strong initiatives in place in order to mitigate the impacts but the full effect of these initiatives has not yet materialized.

The Bank's operating expenses and depreciation charges increased by 11.3% and totaled DKK 534m against DKK 480m in 2021. This increase is driven by an increase in staff cost of DKK 21m, inflation and other administrative expenses of DKK 30m partly driven by increased IT cost mainly attributed to the One Nordic Platform. This was also including an increase in advisory consultants on the Financial Supervisory Authority orders.

No payment of dividend is planned based on the Annual Report 2022 except for the interest on the Additional Tier 1 capital of DKK 15.2m.

GENDER UNDERREPRESENTATION

The Board of Directors elected by the general meeting of the Bank account for two female Board members, thus at the level set as the present target and criteria that was decided by the Board in 2021. The Board's target for under-represented gender is to reach a 60/40 mix by end of 2026. The Board will at the Board meeting in April 2023 suggest for election of an additional female. If elected at the ordinary general meeting this means that the target set by the Board will be considered reached.

At high level management there is an under-representation of one gender but there is no under-representation of one gender in the Bank´s other managerial positions.

Management commentary

CSR

The Bank allocates significant resources to follow fundamental rules and principles to ensure its position as a responsible bank. Please refer to page 14 for a description of our CSR activities.

POST BALANCE SHEET EVENTS

No events have occurred after the end of the financial year 2022, which could affect the assessment of the Annual Report.

CHANGES IN ACCOUNTING PRINCIPLES

No changes to accounting principles during 2022.

OUTLOOK FOR 2023

In 2023, the Bank will continue its transformation toward a fully Nordic organization that aspires to serve its Nordic partners and customers even better than today. The focus will be on securing the new Nordic IT platform in 2023. This platform will enable us to offer our Nordic retail partners a seamless Nordic setup, its technology will allow us to extend our product offers to our customers, and we will focus on delivering more user-friendly digital tools for our customers.

The Bank's mission remains unchanged supporting our clients in realising their projects, as well as offer the best solutions and conditions possible for customers who may eventually 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.

For 2023, the Bank will start to recover expecting a positive result with a profit before tax in the range of DKK 25-50m. The forecast is subject to uncertainty and macroeconomic development.

Supervisory diamond

The Danish FSA has created a monitoring tool called the "Supervisory diamond" consisting of four benchmarks on specific risk areas, stating limit values which the Bank should basically observe.

The four benchmarks are as follows:

1. Sum of large exposures

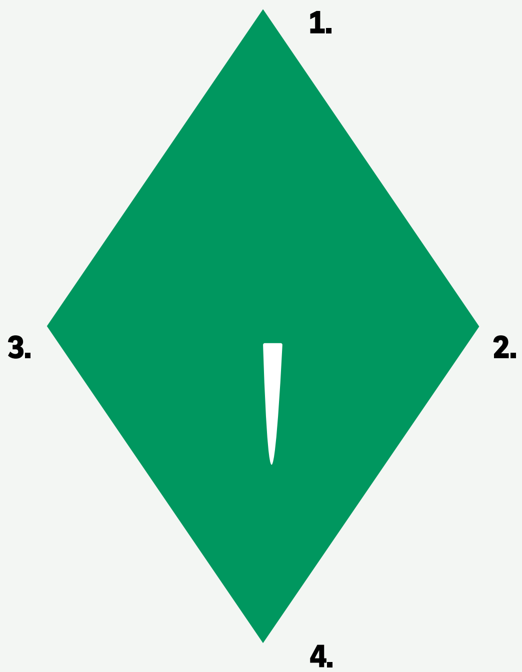
2. Lending growth

3. Concentration of commercial property exposures

4. Excess liquidity coverage

As of 31 December 2022, the Bank was complying with all four benchmarks set up by the Danish FSA.

SUPERVISORY DIAMOND	EKSPRES BANK	REQUIRED
1. benchmark -> Sum of large exposures < 175%	0%	< 175%
2. benchmark -> Lending growth < 20%	-4,7%	< 20%
3. benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. benchmark -> Liquidity ratio > 100 pct.	3,86	> 1,00



White lines = Ekspres Bank
Green area = Limit values

Solvency

(DKK '000)	2022	2021
Equity	2.405.131	2.210.482
Deferred tax assets	-51.149	-11.654
Intangible assets	-419.733	-448.433
IFRS9 phasing	22.169	44.337
Investments, etc.	0	-9.968
Other deductions	-11.809	-766
Total core capital after deductions	1.944.609	1.783.998
Additional T1 loan capital	176.937	185.474
Total T1 capital after deductions	2.121.546	1.969.472
Subordinated loan capital after deductions	497.997	424.045
Total capital base after deductions	**2.619.543**	**2.393.517**
Total weighted items	11.750.294	12.211.880
Solvency ratio	22,3	19,6

The Bank's capital base, less deductions, amounts to DKK 2.620m, at the end of 2022.
The Bank's capital adequacy ratio amounts to 22,3% end of 2022.

The excess capital adequacy is considered to be sufficient, and will ensure the continuous operations of the business as well as the development of the Bank.

Financial highlights

Key figures (DKK '000)	2022	2021	2020	2019	2018
Net interest and fee income	756.281	881.111	893.764	866.748	779.248
Market value adjustments	-389	2.553	-1.600	6.360	1.263
Staff costs and administrative expenses	495.122	444.447	403.854	380.405	351.325
Write-down of loans and receivables, etc.	377.778	406.975	394.824	279.264	158.013
Net profit for the year	-124.915	-6.295	49.794	162.665	211.310
Loans	12.709.879	13.341.233	13.214.872	12.376.605	10.654.044
Deposits	6.828.551	6.724.153	6.954.566	4.881.467	4.118.927
Equity	2.582.068	2.395.956	2.060.347	2.046.322	1.897.735
Total assets	14.298.533	15.354.607	14.840.180	13.736.979	12.270.471

Ratios (DKK '000)*	2022	2021	2020	2019	2018
Capital base	2.619.542	2.393.517	2.061.601	2.133.689	1.981.062
Solvency ratio	22,3	19,6	17,5	19,8	21,2
Core capital ratio	18,1	16,1	14,4	16,4	18,1
Return on equity before tax	-5,9	0,0	3,9	10,4	16,2
Return on equity after tax	-5,0	-0,3	2,4	8,2	12,6
Income/cost ratio	0,8	1,0	1,1	1,3	1,5
Interest-rate risk	0,2	0,4	0,6	-3,1	-3,6
Currency position	5,2	2,9	5,3	0,0	0,0
Currency risk	0,0	0,0	0,0	0,0	0,0
Loans relative to deposits	0,5	0,5	0,5	0,4	0,4
Gearing of loans, end of year	4,9	5,6	6,4	6,0	5,6
Annual growth in loans	-4,7	1,0	6,8	16,2	11,9
Excess cover relative to statutory liquidity requirements	386,4	1.375,8	547,8	387,0	411,3
Total amount of large exposures	0,0	0,0	0,0	0,0	0,0
Net impairment ratio	2,7	2,8	2,8	2,2	1,4
Return on assets	-0,9	0,0	0,3	1,2	1,7

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

Income statement and comprehensive income

(DKK '000)	NOTE	2022	2021
Interest income	1	829.656	907.227
Interest expenses	2	178.336	135.363
Net interest income		651.320	771.864
Fees and commission income	3	129.629	132.718
Fees and commission paid		24.668	23.417
Net interest and fee income		756.281	881.111
Market value adjustments	4	-389	2.553
Other operating income	5	9.976	2.760
Staff costs and administrative expenses	6	495.122	444.447
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment		38.928	35.593
Impairment losses, loans and receivables, etc	7	377.778	406.975
Profit before tax		-145.960	-591
Tax	8	-21.045	5.704
Profit for the year		-124.915	-6.295
Other comprehensive income after tax		4.234	-886
Total comprehensive income		**-120.681**	**-7.181**

Reccommended appropriation of profit

Profit for the year	-124.915	-6.295
Profit retained from previous years	1.005.626	1.027.865
Exchange-rate adjustment	4.234	-886
Total amount to be appropriated	**884.945**	**1.020.714**
Proposed dividend	0	0
Additional T1 capital interest	15.182	15.088
Transferred to equity	869.763	1.005.626
Total amount appropriated	**884.945**	**1.020.714**

Balance sheet

Assets (DKK '000)	NOTE	2022	2021
Cash in hand and demand deposits with central banks		18	19
Receivables from credit institutions and central banks	10	659.741	1.044.072
Loans and other receivables at amortised cost	11	12.709.879	13.341.233
Investment securities	12	8.488	8.003
Investments in affiliated undertakings	13	0	9.968
Goodwill	14	228.183	247.567
Other intangible assets	15	191.550	200.866
Property, plant and equipment	16	19.847	26.340
Current tax assets		21.593	29.650
Deferred tax assets	17	51.149	11.654
Other assets	18	71.355	63.093
Prepayments		336.730	372.142
Total assets		**14.298.533**	**15.354.607**

Balance sheet

Liabilities (DKK '000)	NOTE	2022	2021
Amounts due			
Due to credit institutions and central banks	19	4.091.569	5.540.255
Deposits from customers	20	6.828.551	6.724.153
Other liabilities	21	163.008	161.140
Deferred income		117.635	90.126
Total amounts due		**11.200.763**	**12.515.674**
Provisions for liabilities			
Provisions for deferred tax	17	17.705	18.932
Total provisions for liabilities		**17.705**	**18.932**
Subordinated debt			
Subordinated loans	22	497.997	424.045
Equity			
Share capital		341.000	291.500
Share premium		1.194.368	913.356
Retained earnings or loss brought forward		869.763	1.005.626
Additional T1 equity	22	176.937	185.474
Total equity		**2.582.068**	**2.395.956**
Total liabilities and equity		**14.298.533**	**15.354.607**

Other notes

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Statement of changes in equity

(DKK '000)	Share capital	Share premium	Retained earnings	Proposed dividends	Total	Additional Tier 1 capital	Total
Equity, beginning of 2021	**239.500**	**615.500**	**1.027.895**	**0**	**1.882.895**	**177.452**	**2.060.347**
Capital increase	52.000	297.856	0	0	349.856	0	349.856
Profit for the year	0	0	-21.383	0	-21.383	15.088	-6.295
Other comprehensive income							
Translation of units outside Denmark	0	0	-886	0	-886	0	-886
Total other comprehensive income	0	0	-886	0	-886	0	-886
Total comprehensive income for the year	**0**	**0**	**-22.269**	**0**	**-22.269**	**15.088**	**-7.181**
Additional T1 capital							
T1 currency revaluation	0	0	0	0	0	8.022	8.022
T1 capital interest	0	0	0	0	0	-15.088	-15.088
Transactions with the owners							
Dividends distributed	0	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0	0
Equity, end of 2021	**291.500**	**913.356**	**1.005.626**	**0**	**2.210.482**	**185.474**	**2.395.956**

(DKK '000)							
Equity, beginning of 2022	**291.500**	**913.356**	**1.005.626**	**0**	**2.210.482**	**185.474**	**2.395.957**
Capital increase	49.500	281.012	0	0	330.512	0	330.512
Profit for the year	0	0	-140.097	0	-140.097	15.182	-124.915
Other comprehensive income							
Translation of units outside Denmark	0	0	4.234	0	4.234	0	4.234
Total other comprehensive income	0	0	4.234	0	4.234	0	4.234
Total comprehensive income for the year	**0**	**0**	**-135.863**	**0**	**-135.863**	**15.182**	**-120.681**
Additional T1 capital							
T1 currency revaluation	0	0	0	0	0	-8.537	-8.537
T1 capital interest	0	0	0	0	0	-15.182	-15.182
Transactions with the owners							
Dividends distributed	0	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0	0
Equity, end of 2022	**341.000**	**1.194.368**	**869.763**	**0**	**2.405.131**	**176.937**	**2.582.068**

The share capital amounts to DKK 341.000.000 distributed on shares of DKK 1.000 each or multiples thereof.

Notes to the financial statements

Accounting principles

BASIS OF PREPARATION
The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. ('the Executive Order').

The accounting policies are consistent with those of last year.

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

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

SIGNIFICANT ACCOUNTING ESTIMATES
The measurement of certain assets and liabilities requires the management to estimate the influence of future events on the value of these assets and liabilities.

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

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

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

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

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

FEES
Fees are normally recognized as income when received.

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

Collection fees are taken to the income statement when entered in the customers' accounts, until debt collection procedures are transferred to external debt collection.

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

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

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

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

LOANS AND ADVANCES
After initial recognition, amounts due to the Bank are measured at amortized cost less impairment losses (see section on financial assets at amortized cost).

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

MEASUREMENT OF GOODWILL
Goodwill is tested for impairment annually as to whether there is an indications of impairment, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognized, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount. Recoverable amount is based on an estimate of the future cash flows to be generated by the unit, derived from the

Notes to the financial statements

annual forecasts and discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

INTANGIBLE ASSETS

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

LEASING ROU ASSETS

Lease contracts are on one hand the identification of a lease asset and on the other, the control of the Right of Use (ROU) by the Lessor.

Leasing contracts in the form of Right of Use of the leased asset is booked under tangibles and the leases (and related payments) as a Liability during the entire lease period. The ROU asset is amortized and the leases payments in Liabilities are capitalized during the entire lease period. At this point in time Ekspres Bank only acts as a lessee.

Loans and impairment

CLASSIFICATION AND MEASUREMENT

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

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

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

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

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

Notes to the financial statements

IMPAIRMENT

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

GENERAL IMPAIRMENT MODEL

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

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

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

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

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

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

IMPAIRED FINANCIAL ASSETS

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

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

SIMPLIFIED MODEL

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

SIGNIFICANT INCREASE IN CREDIT RISK

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

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

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

MEASUREMENT OF EXPECTED CREDIT LOSSES

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

- In practice, for exposures classified in stage 1 and stage 2, the expected credit losses are calculated as the product of the probability of default ("PD"), the loss given default ("LGD") and the exposure at default ("EAD") discounted at the effective interest rate of the exposure. They result from the risk of default in the

Notes to the financial statements

next 12 months (stage 1) or the risk of default over the lifetime of the exposure (stage 2). In the specific business of consumer finance and given the characteristics of the portfolios, the method used by Ekspres Bank is based on probabilities of transition into the default stage and on discounted loss rates at default. Calculation of the parameters are made statistically by homogeneous population.

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

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

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

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

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

DEBT TO CREDIT INSTITUTIONS, CENTRAL BANKS AND DEPOSITS
Financial liabilities are recognized on inception and measured at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost using the effective interest rate method. Other payables is subsequently measured at nominal unpaid debt.

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

SUBORDINATED DEBT
Subordinated debt comprises of Tier 2 capital instruments and guarantor capital which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until the claims of ordinary creditors have been met.

At initial recognition subordinated debt is measured at fair value, equaling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortized cost.

ADDITIONAL TIER 1 CAPITAL
Additional Tier 1 capital comprises of deeply subordinated capital instruments and guarantor capital which, in the case of extreme liquidity stress and loss of capital, will be converted into ordinary capital, and cannot be settled until the claims of ordinary creditors have been met.

At initial recognition subordinated debt is measured at fair value, equaling the payment received less directly attributable costs incurred. Subsequently, additional Tier 1 capital is measured at amortized cost.

As the additional Tier 1 capital qualifies as an equity instrument, the interest paid and accrued on the additional Tier 1 capital is recognized in the financial statement as dividend.

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

DEFERRED TAX
Provisions for deferred tax are calculated at tax rates that are applicable in the relevant countries at the time the deferred tax is expected to be utilized and of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortizable goodwill.

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

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

Notes to the financial statements

Financial highlights (DKK '000)	**2022**	**2021**
Financial highlights are shown on page 23		

1 Interest income

Loans and other receivables	828.583	906.991
Reverse repo transactions with credit institutions and central banks	1.073	0
Other interest income	0	236
Total	**829.656**	**907.227**

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

2 Interest expenses

Credit institutions and central banks	75.638	63.636
Reverse repo transactions with credit institutions and central banks	246	864
Deposits	86.246	60.614
Derivatives, total	212	1.002
Thereof concerning: Interest-rate agreements	212	1.002
Leasing	252	340
Subordinated loans	15.742	8.907
Total	**178.336**	**135.363**

3 Fees and commission income

Payment service fees	13.881	17.053
Other fees and commission income	115.748	115.665
Total	**129.629**	**132.718**

4 Market value adjustments

Currency exchange	-705	1.371
Derivatives	316	1.182
Total	**-389**	**2.553**

Notes to the financial statements

(DKK '000)	2022	2021
5 Other operating income		
Income from VISA shares	630	557
Other income	9.346	2.203
Total	**9.976**	**2.760**

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

6 Staff costs and administrative expenses

Staff costs and administrative expenses		
Wages and salaries	198.859	183.675
Pension	22.399	19.790
Social security costs	44.201	41.470
Total	**265.459**	**244.935**
Other administrative expenses	229.663	199.512
Total staff costs and administrative expenses	**495.122**	**444.447**

Notes to the financial statements

(DKK '000)	2022	2021

6 Staff costs and administrative expenses (continued)

Number of employees

Average number of full-time employees during the financial year	298	292
Executive Board	1	1
Employees whose activities have a significant impact on the Bank's risk profile	20	26
Board of Directors (including board elected board members, who are also part of MRT)	12	12

Salary and remuneration paid to Executives Board and Board of Directors etc.

Board of Directors and Executive Board	3.409	3.435
Employees whose activities have a significant impact on the Bank's risk profile	24.564	27.827
Total	**27.973**	**31.262**

Information on the individual remuneration of the Board of Directors and Executive Board can be found on the Bank's webpage: https://www.expressbank.dk/om/

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

Loans to management

Board of Directors	4	159
Total	**4**	**159**

7 Write-downs on loans and receivables

Individual impairment losses during the year	677.922	621.833
Reversal of individual impairment losses recognized in previous years	-302.829	-236.105
Final loss/gain on debt previously written down	4.555	21.902
Amounts received, previously written-off debt	-1.870	-611
Other movements	0	-45
Total	**377.778**	**406.975**

Notes to the financial statements

(DKK '000)	2022	2021
8 Tax		
Estimated current tax for the year	-19.454	-2.202
Deferred tax	-700	4.937
Adjustment of estimated tax in prior years	-891	2.969
Total	**-21.045**	**5.704**
Current tax rate	22,0%	22,0%
Tax for the year comprises:		
Profit before tax and affiliated undertakings	-145.960	-591
Statutory income tax rate of 22%	-32.111	-130
Adjustment of prior years' income tax	-891	2.969
Local Norwegian current tax	101	100
Effect of increased tax rates *	2.646	0
Effect of different tax rates in other countries	2.577	857
Non-taxable income, fair value and currency adjustment investments	0	-152
Non-deductible expenses	6.633	2.060
Total	**-21.045**	**5.704**
Effective tax rate	14,42%	n/a

** The corporate tax rate for credit institutions and insurance companies in Denmark increase from 22% in 2022 to 25,2% in 2023 and 26% for 2024 and onwards. Balances for deferred taxes in Denmark by end of 2022 have been adjusted accordingly.*

9 Audit fees

Total fee to the auditors appointed by the general assembly who perform statutory audit	3.169	2.278
Thereof concerning statutory audit	2.156	1.521
Thereof concerning fees for other assurance assistance	74	69
Thereof concerning tax advice	0	0
Thereof concerning other services	939	688

Other services mainly consists of advisory relating to debt sale.

Notes to the financial statements

(DKK '000)	2022	2021

10 Receivables from credit institutions and central banks

Receivables from credit institutions	659.741	1.044.072
Total	**659.741**	**1.044.072**

Distribution of terms by maturity

Receivables from credit institutions and central banks

Overnight	659.741	1.044.072
Total	**659.741**	**1.044.072**

11 Loans and other receivables at amortized cost

Up to three months	1.182.270	870.306
From three months to one year	2.548.417	2.149.760
From one year to five years	6.530.038	6.228.451
More than five years	2.449.153	4.092.715
Total	**12.709.879**	**13.341.233**

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

Private	100	100
Total	**100**	**100**

12 Investment securities

Shares / investment certificates noted on the Nasdaq OMX	6.518	4.408
Unlisted shares	1.970	3.595
Total shares	**8.488**	**8.003**

Notes to the financial statements

(DKK '000)	2022	2021
13 Investments in affiliated undertakings		
Investments in affiliated undertakings, beginning of year	1.914	1.914
Merger	-1.914	0
Investments in affiliated undertakings, end of year	**0**	**1.914**
Amortization and value adjustments, beginning of year	8.054	8.313
Result of the year	0	0
Foreign exchange adjustment	0	-259
Merger	-8.054	0
Amortization and value adjustments, end of year	**0**	**8.054**
Carrying amount, end of year	**0**	**9.968**

14 Goodwill

Goodwill, beginning of year	247.567	254.006
Foreign exchange adjustment	-19.384	-6.439
Additions in the year	0	0
Cost, end of year	**228.183**	**247.567**
Amortization and impairment losses, beginning of year	0	0
Amortization and impairment losses, end of year	0	0
Carrying amount, end of year	**228.183**	**247.567**

Notes to the financial statements

(DKK '000)	2022	2021
15 Other intangible assets		
Cost, beginning of year	373.018	309.425
Foreign exchange adjustment	-19.290	-5.049
Additions in the year	32.597	69.109
Disposals in the year	14.635	467
Cost, end of year	**371.690**	**373.018**
Amortization and impairment losses, beginning of year	172.152	147.840
Foreign exchange adjustment	-6.423	-1.076
Amortization for the year	14.411	25.388
Amortization and impairment losses, end of year	**180.140**	**172.152**
Carrying amount, end of year	**191.550**	**200.866**

16 Property, plant and equipment		
Cost, beginning of year	71.103	73.255
Foreign exchange adjustment	-2.065	59
Additions in the year	3.704	690
Disposals in the year	4.475	2.901
Cost, end of year	**68.267**	**71.103**
Depreciation and impairment losses, beginning of year	44.763	35.997
Foreign exchange adjustment	-883	69
Amortization for the year	8.780	9.528
Reversal of amortization charges and impairment losses	-4.240	-831
Depreciation and impairment losses, end of year	**48.420**	**44.763**
Carrying amount, end of year	**19.847**	**26.340**

At the end of year 2022 leasing contracts were mainly related to office premises (carrying amount of DKK 16,7m) and company cars (carrying amount of DKK 1,3m).

Notes to the financial statements

(DKK '000)	2022	2021

17 Deferred tax

Deferred tax assets

Loss carry forward	51.149	11.654
Total	**51.149**	**11.654**

The deferred tax asset relates to tax loss carried forward in Sweden and is expected to be utilized within the next 3-5 years following positive tax results from the Swedish operations.

Deferred tax liabilty

Intangible assets	4.232	3.227
Tangible assets	-129	-166
Provisions for obligations	0	0
Prepaid comissions	12.578	15.043
Other	1.024	828
Total	**17.705**	**18.932**

18 Other assets

Interest and commission receivables	44.524	30.015
Receivables from related parties	0	6.736
Other receivables	26.831	26.114
Tax account	0	228
Total	**71.355**	**63.093**

19 Due to credit institutions and central banks

Up to three months	648.903	797.270
From three months to one year	1.615.232	1.787.056
From one year to five years	1.778.443	2.910.983
More than five years	48.991	44.946
Total	**4.091.569**	**5.540.255**

Notes to the financial statements

(DKK '000)	2022	2021

20 Deposits from the public

Deposits from the public broken down by maturity*

Overnight	5.844.428	5.636.375
Up to three months	515.123	567.424
From three months to one year	401.438	426.119
From one year to five years	67.562	94.235
Total	**6.828.551**	**6.724.153**

** All deposits are interest bearing and from Households*

Deposits from households broken down by interest-rate terms of contract

Deposits with fixed interest terms up to 36 months**	780.589	1.022.752
Deposits with transactions/movements in the account	6.047.961	5.701.401
Total	**6.828.550**	**6.724.153**

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

21 Other liabilities

Negative market value of derivatives	0	261
Leasing liabilities	18.239	24.251
Accrued interest	23.859	16.397
Payables to related parties	3.463	3.071
Accrued expenses	86.175	93.606
Other payables	31.272	23.554
Total	**163.008**	**161.140**

Notes to the financial statements

(DKK '000)					2022	2021

22 Subordinated debt

Subordinated debt

Loan - Nominal	Start date	Maturity date	Interest rate	Currency	2022	2021
Loan 1 - 125.000	29-05-2017	09-06-2027	CIBOR 3M +2,28%	DKK	0	125.000
Loan 2 - 75.000	19-12-2019	18-12-2029	CIBOR 3M + 2,00%	DKK	75.000	75.000
Loan 3 - 310.000	28-06-2021	28-06-2031	STIBOR 3M + 2,00%	SEK	206.502	224.045
Loan 4 - 325.000	11-03-2022	11-03-2032	STIBOR 3M + 2,93%	SEK	216.494	0
Total					**497.997**	**424.045**

The subordinated loans are qualified as Tier 2 instruments pursuant CRR regulation.
The Bank may early redeem the Subordinated loans after minimum 5 years from the settlement date of the subordinated loan.
In year 2022 the interest costs due to subordianted loans were in amount of DKK 15,74m.

Additional Tier 1 loan

Loan - Nominal	Start date	Maturity date	Interest rate	Currency	2022	2021
T1 Loan - 250.000	19-12-2018	perpetual	NIBOR 3M+liquidity cost+subordinated spread	NOK	176.937	185.474

The deeply subordinated loans are qualified as Tier 1 instrument and part of equity pursuant CRR regulation.
The Bank may early redeem the additional Tier 1 loan after the fifth-year anniversary of the settlement date of the loan.
The additional Tier 1 capital will be written down if the common equity Tier 1 (CET 1) ratio falls below 7% for Ekspres Bank.
In year 2022 the interest costs due to additional Tier 1 loans were in amount of DKK 15,18m.

Notes to the financial statements

(DKK '000)	2022	2021
23 Credit risk		

Loans and other receivables at fair value and amortised cost distributed on sectors

Private	13.955.115	14.485.159
Total	**13.955.115**	**14.485.159**

Impairment of objectively impaired loans and receivables, individual

Accumulated impairment losses, beginning of year	1.143.926	798.232
Other	-47.727	761

Changes in the year

Individual impairment losses in the year	677.922	621.833
Reversal of individual impairment losses recognised in prior years	-302.829	-236.105
Impairment provisions used and derecognised at disposal	-226.056	-40.795
Accumulated impairment losses, end of year	**1.245.236**	**1.143.926**

Notes to the financial statements

CREDIT RISK (CONTINUED)

The Bank's primary risk is the credit area. The maximum loan granted to private individuals is 500.000 DKK, 500.000 NOK and 750.000 SEK in Denmark, Norway and Sweden.

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 the transaction. This includes understanding the client needs on all transactions and checking the adequacy of the proposed transactions with the objectives of the clients.

In order to mitigate risk resulting from the exposure within the credit area, the Bank executes on a defined strategy of operating a geographically and demographically diversified loan portfolio in the Nordic countries and furthermore, the average loan size per debtor is limited.

The Bank performs a systematic monitoring of the loan portfolio at all stages. Furthermore, the Bank performs an automated credit scoring of all new loans. The credit scoring is based on historical performance, information received from its customers, information from digital solutions with public authorities and registers with the customer's approval.

The decision to grant a loan is made on the basis of this credit scoring but also on credit rules, which include the assessment of the customers' ability to repay (affordability calculations) based on accurate information. The decision to grant a loan is in accordance with local regulation.

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

The Bank mitigates credit risk through the implementation of collection processes in case of the customer failing to meet its obligations in accordance with agreed terms.

These collection processes are performed by the Bank's internal collection department and outsourcing partners.

Impairment losses on loans are recognized at the time of booking, provisioned with an amount equivalent to the expected credit loss in 12 months (stage 1). In case of a significant deterioration of the credit risk, the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset (stage 2). In case Objective Indication of Impairment is registered, the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset, but based on a higher probability of loss (stage 3).

Notes to the financial statements

(DKK '000) 2022

23 Credit risk (continued)

IFRS 9 strata	Description categories	1	2a	2b	2C	Total
	Total Stage 1	**0**	**0**	**5.010.062**	**5.958.242**	**10.968.304**
1	Performing Exposures- "Pure"			4.962.714	5.881.600	
2	Never NPE but with Past-due exposures more than 12 months ago			47.349	76.641	
	Total Stage 2	**83.908**	**0**	**369.629**	**142.751**	**596.288**
3	Past-due exposures in the last 12 months and never NPE			326.852	85.616	
4	Past-due exposures more than 12 months ago with Forbereance and never NPE			35.066	9.431	
5	Past-due exposures in the last 12 months with Forbereance and never NPE			7.712	2.220	
6	Exposures 30 days delinquentnever NPE				45.484	
7	Exposures more than 30 days delinquent but never NPE	83.908				
	Total Stage 3	**1.145.287**	**0**	**0**	**0**	**1.145.287**
8	Non past-due exposures and previously NPE	499.396				
9	Exposures up to 30 days delinquent and previously NPE	37.719				
10	Exposures more than 30 days delinquent and previously NPE	95.699				
11	Exposures more than 90 days delinquent and previously NPE	295.538				
12	Litigation	216.935				
	Total	**1.229.195**	**0**	**5.379.692**	**6.100.993**	**12.709.879**

Notes to the financial statements

(DKK '000) 2021

23 Credit risk (continued)

IFRS 9 strata	Description categories	1	2a	2b	2C	Total
	Total Stage 1	**0**	**0**	**11.855.390**	**0**	**11.855.390**
1	Performing Exposures- "Pure"			11.406.719		
2	Never NPE but with Past-due exposures more than 12 months ago			448.670		
	Total Stage 2	**56.904**	**0**	**453.728**	**36.677**	**547.310**
3	Past-due exposures in the last 12 months and never NPE			370.188		
4	Past-due exposures more than 12 months ago with Forbereance and never NPE			64.371		
5	Past-due exposures in the last 12 months			19.168		
6	Exposures 30 days delinquent never NPE				36.677	
7	Exposures more than 30 days delinquent but never NPE	56.904				
	Total Stage 3	**938.534**	**0**	**0**	**0**	**938.534**
8	Non past-due exposures and previously NPE	394.082				
9	Exposures up to 30 days delinquent and previously NPE	22.182				
10	Exposures more than 30 days delinquent and previously NPE	14.759				
11	Exposures more than 90 days delinquent and previously NPE	99.876				
12	Litigation	407.635				
	Total	**995.438**	**0**	**12.309.117**	**36.677**	**13.341.233**

Notes to the financial statements

23 Credit risk (continued)

The IFRS 9 segmentation of the Bank is a model developed by BNP Paribas Personal Finance for usage by the entities of Personal Finance. It classifies the customers according to a combination of Arrears status, NPE (Non-Performing) indicator, FBE (Forbearance) indicator and Litigation process. This results in a set of different stratifications, which are the basis for provisioning.

The categorization of customers in categories is done to follow the description and intention in appendix 7 to the guidelines for credit institutions as closely as possible.

No new customers are reported in 3/2a as the level of wealth and to some degree the precise debt factors are not ascertained in the same manner as disposable income, all which is needed to identify customers in these classifications. In 2020 costumers which had not previously shown any indication of payment difficulties were reported in 2a. Customers previously reported in 2a has although from 2021 been transferred to 2b. The transfer from 2a to 2b is considered as change in accounting estimate and without any reclassification of comparison figures for 2020.

For interest and fee bearing products, the new customers are instead reported in 2b given the above mentioned uncertainties, but with the fact that all have passed the disposable income requirement for a better categorization. No new customers are reported in 2c as their disposable income level and overall profile does not match the description of this category, which is for customers exhibiting significant signs of weakness.

For interest free credit (IFC), as the disposable income requirements are less stringent, new customers are reported in 2c category.

The new customers will stay in their assigned classification until observed payment history indicates a lower category should be assigned. In case of improved payment history a customer can revert back to a higher categorization, but will never be able to reach a higher category than granted as a new customer.

The payment history is defined using the IFRS9 approach to categorizing and modelling impairment provisioning.

- **Category 1 (Indicators of Impairment):**
  Customers who are either in default of contract, or are presently experiencing payment difficulties. Those are customers in litigation, customers who have been delinquent for more than 30 days and customers who area up to date but classified as non-performing due to forbearance measures. These customers are classified as 1 according to the DFSA Bonitets categories.

- **Category 2c (High risk):**
  Customers who are up to date with their payments, but with future risk on existing outstanding balance due to their payment history, having shown payment vulnerability in the past, or customers between 1 and 30 days past due. These customers are classified as 2c according to DFSA Bonitets categories.
  IFC Customers who are up to date with their payments, never experienced any incident in the past and classified as 2c according to DFSA Bonitets categories.

- **Category 2b: (Medium risk):**
  Interest and fee bearing customers who are up to date with their payments and classified as 2b according to DFSA Bonitets categories.

- **Category 2a: (Low risk):**
  No customer is reported in this category as the Bank does not have updated information about the customer wealth (assets) needed to identify customers in this classification.

  Category 3: (No risk):
  No customer is reported in this category as the Bank does not have updated information about the customer wealth (assets) needed to identify customers in this classification.

This bridging ensures that there is a link between the provisioning applied in the accounting books of Ekspres Bank, and the reporting on the FSA grading, but is however significantly conservative as a significant part of the portfolio could be classified in better categories if the bank had access to more information, specifically about customers' assets for example.

This categorization is updated quarterly for the complete portfolio.

Notes to the financial statements

(DKK '000) 2022

23 Credit risk (continued)

Changes in impairment Credit Risk

Impairment movements per stage	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Impairment at the begining of the year	173.793	107.395	862.738	1.143.926
Derecognition including disposals	-25.427	-14.890	-230.389	-270.706
Transfer to Stage 1	4.543	-19.917	0	-15.374
Transfer to Stage 2	-14.392	186.550	-28.035	144.123
Transfer to Stage 3	-6.481	-115.400	300.645	178.764
Origination	61.971	17.391	8.022	87.384
Impairment provisions used	-142	-175	-19.517	-19.834
Change without transfer	-6.795	-32.868	77.446	37.783
Others	-6.065	-5.212	-29.553	-40.830
Impairment at the end of the year	**181.005**	**122.874**	**941.357**	**1.245.236**

Changes in impairment Credit Risk **2021**

Impairment movements per stage	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Impairment at the begining of the year	154.706	210.089	433.437	798.232
Derecognition including disposals	-25.933	-12.686	-15.412	-54.031
Transfer to Stage 1	13.506	-38.744	-1.629	-26.867
Transfer to Stage 2	-13.394	201.099	-29.459	158.246
Transfer to Stage 3	-4.695	-211.255	358.869	142.919
Origination	64.835	5.136	490	70.461
Impairment provisions used	-2.343	-20.287	-18.376	-41.006
Change without transfer	-12.764	-27.677	133.234	92.793
Others	-125	1.720	1.584	3.179
Impairment at the end of the year	**173.793**	**107.395**	**862.738**	**1.143.926**

Notes to the financial statements

(DKK '000)

24 Interest-rate risk

Derivative financial instruments

SWAPS	2022				2021	
	Nominel value	Net market value	Positive market value	Negative market value	Nominel value	Net market value
Interest-rate agreement	0	0	0	0	59.352	-261

According to the definition by the Danish Financial Supervisory Authority (DFSA) the Bank's interest-rate risk amounts to 0,2% (2021: 0,4%) of the core capital less all deductions, cf. overview of financial highlights.

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

25 Cash flow risk

Since the Bank is only partly funded from the market through deposits and partly by the parent company BNP Paribas with whom Ekspres Bank has sufficient contractually committed credit line agreements - for both the Danish, Swedish and Norwegian market - the liquidity risk is minimized.

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

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

Necessary measures are prioritized as follows:

- raise additional funding from the group
- reduce lending
- increase interest rates on Swedish deposits
- raise additional short-term funding in the interbank market
- establish deposits in Denmark and Norway
- raise additional subordinated Tier 1 loan
- raise additional subordinated loans outside the BNP Paribas group
- sale of lending portfolio

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

Notes to the financial statements

(DKK '000)

26 Foreign exchange risk	2022	2021

With the aim of reducing exchange rate risk to the widest possible extent, it is the Bank´s policy to obtain funding in the same currency as loans. Also the goodwill related to the activities in Sweden is hedged via funding in SEK. Thus, the Bank has no or a very limited exchange rate risk.

27 Securities lending	Currency	Nominal value	Market value
Danish government bonds	DKK '000	186.030	183.844
Swedish government bonds	SEK '000	412.300	388.303

Securities are borrowed as reverse REPO arrangements with BNP Paribas.

28 Contingent liabilities		
Unused credit and loan commitments	1.671.767	1.175.158
Total	**1.671.767**	**1.175.158**

Contingent liabilities are related to unused credit and loan commitments to customers who have not yet signed the loan agreement.

On 20th June 2019, Ekspres Bank received Orders from the Danish regulator (DFSA) to adapt its credit worthiness assessment in the Danish business to certain principles provided therein. Although Ekspres Bank has implemented the necessary adjustments to its system and processes, for all its activity channels, it is the DFSA opinion that the implementation should have been implemented immediately upon issuance of the Orders.

On 17th December 2020, the DFSA has therefore referred the case to State Prosecutor for Special Crime (NSK) which handles all matters related to violations of provisions under the supervision of the Danish FSA.

If the State Prosecutor chooses to prosecute the Bank and the Bank loses the case, the Bank could receive a fine and/or confiscation of income receive from the relevant loans. The Bank and its legal advisors are unable to determine which is the most plausible result of the possible case, therefore it is presented as a contingent liability.

29 Related parties

Controlling interest

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

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

BNP PARIBAS

BNP PARIBAS PERSONAL FINANCE

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

Notes to the financial statements

(DKK ‘000)

30 Audit and Risk committee

Members of the Audit Committee

Michael Ravbjerg Lundgaard

John Poulsen

Members of the Risk Committee

Magnus Beer

John Poulsen

Terence Mc Cormick

Jean-Pierre Charles

31 Principles for intra-group trading

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

Transactions with related parties	2022	2021
Loans from related parties	4.739.169	6.136.210
Receivables from related parties	131.083	285.659
Interest costs	103.476	85.100
Insurance income	51.469	44.632
Reinvoiced costs	56.137	34.136

No transactions have been conducted between Ekspres Bank and its ultimate parent, BNP Paribas or other subsidiaries of the BNP Paribas group in 2022, except for loans from (2022: DKK 4.739m, 2021: DKK 6.136m), receivables from (2022: DKK 131m, 2021:DKK286m), net interest (2022: DKK103m, 2021: DKK85m), insurance income(2022: DKK51m, 2021: DKK45m), reinvoiced costs (2022: DKK 56m, 2021: DKK 34m) and the security lending mentioned in note 27.

Notes to the financial statements

(DKK '000)		2022

32 Associated companies

Name and location

Ekspress Bank NUF **Oslo, Norway**	Ownership in %	100
	Average number of employees	9
	Revenue*	127.043
	Profit before tax	22.404
	Tax	2.606
	Government grants received	0

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

Express Bank Sverige Filial **Kista, Sweden**	Ownership in %	100
	Average number of employees	73
	Revenue*	490.458
	Profit before tax	-184.038
	Tax	-33.507
	Government grants received	0

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

Opel Finans AB has been merged with Ekspres Bank A/S during 2022.

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