

An aerial photograph of a winding asphalt road with yellow lane markings, curving through a dense, lush green forest. The road forms a large, irregular loop. The trees are vibrant green, and the overall scene is bright and natural.

# **Ekspres Bank A/S**

Oldenburg Allé 3

DK- 2630 Taastrup

CVR No. 16 91 79 31

**Annual Report**

**20  
23**

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# Company Information

## EKSPRES BANK A/S

Oldenburg Allé 3  
DK- 2630 Taastrup  
Phone: +45 70 23 58 00  
[www.expressbank.dk](http://www.expressbank.dk)

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## 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.*

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## BOARD OF DIRECTORS

Anais Marie Raynaud (*Chairwoman*)  
Caroline Soulié  
Claudine Francoise Pince Smith  
Claire Lauzeral  
Terence Mc Cormick  
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*)

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## EXECUTIVE BOARD

Jérôme Garand  
*Nordic CEO*

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## AUDITORS

Deloitte

# Statement by the Management



The Board of Directors and the Executive Board have today reviewed and approved the Annual Report of Ekspres Bank A/S for 2023. The Annual Report has been prepared in accordance with legislative requirements, including the Danish Financial Business Act and the Executive order on financial statements for credit institutions and investment companies etc.

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 2023 as well as the result of operations for the period 1st January – 31st December 2023.

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 8th April 2024.

## EXECUTIVE BOARD

**Jérôme Garand**  
*Nordic CEO*

## BOARD OF DIRECTORS

**Anais Marie Raynaud**  
*Chairwoman*

**Caroline Soulié**

**Terence Mc Cormick**

**Claudine Francoise Pince Smith**

**Claire Lauzeral**

**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 01.01.2023 to 31.12.2023, 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 31.12.2023 and of its financial performance for the financial year 01.01.2023 to 31.12.2023 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 eight years up to and including the financial year 2023.

### 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 01.01.2023 to 31.12.2023. 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 12.176 million at 31 December 2023 (31 December 2022: DKK 12.710 million). From 1 January to 31 December 2023, loan impairment charges amounted to DKK 718 million (1 January to 31 December 2022: DKK 378 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 judgements 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 RESPONSIBILITIES 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 RESPONSIBILITIES 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 Company 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 THE 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, 08.04.2023

DELOITTE

**Statsautoriseret Revisionspartnerselskab**  
**Business Registration No 33 96 35 56**

**Anders Oldau Gjelstrup**  
*State-Authorised Public Accountant*  
*MNE no 10777*

**Anders Houmann**  
*State-Authorised Public Accountant*  
*MNE no 46265*

# Board of Directors



## Anais Raynaud (Chairwoman of the Board)

*Chairwoman of the Board – Ekspres Bank A/S  
Chief Executive Officer UK, Nordics & Portugal  
Board Director – International Development Resources AS Services*



## Claudine Smith

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



## Caroline Soulié

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



## 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  
Board Director – Anna Beer AB*



## Terence Mc Cormick

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



## Michael Ravbjerg Lundgaard

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



## John Poulsen

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



## Claire Lauzeral

*Board Director – Ekspres Bank A/S  
PF COO – Head of Operations & Business Services – BNP Paribas Personal Finance  
Board Director – CET Romania  
Board Director RSC*

## 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*



## Per Eriksønn Brobakke

*Board Director – Ekspres Bank A/S*



## Jenny Gaffner

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



## Axel Lundström

*Board Director – Ekspres Bank A/S*

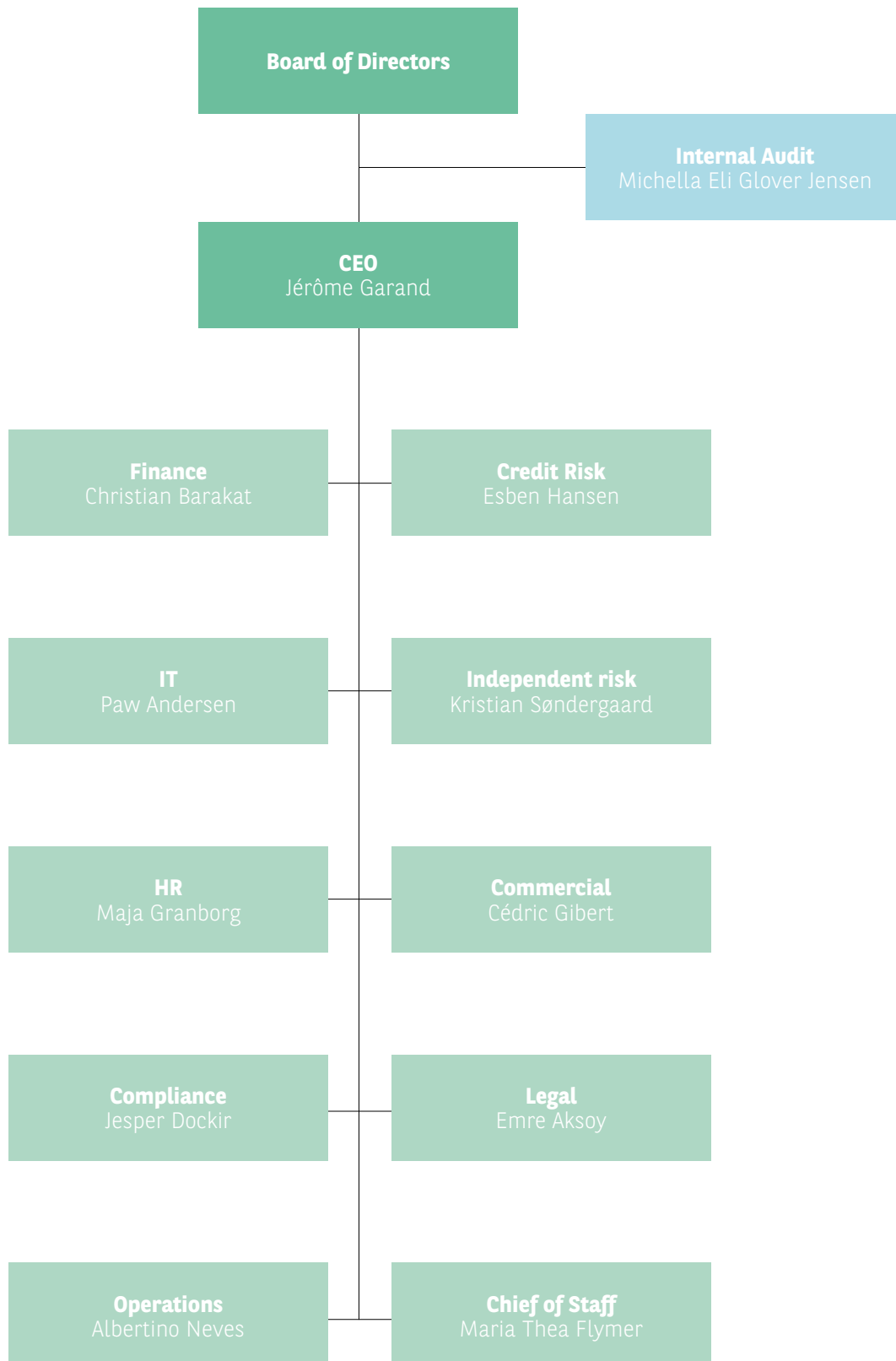
## EXECUTIVE BOARD



## Jérôme Garand

*Nordic CEO – Ekspres Bank A/S*

# Nordic organisation



# Our business

## BUSINESS INTRODUCTION

Ekspres Bank is a Nordic digital consumer bank, which aims at helping people realizing their projects in a responsible way.

Established in 1987 in Denmark, our company started out as a niche player in the Danish market thanks to a cooperation between Handelsbanken and Dansk Supermarked. In 2008, we obtained a banking license and expanded our activities to Norway, followed up by an acquisition of SevenDay AB in Sweden in 2017 to strengthen our position in the Nordics. Today we run our operation as an independent Nordic entity while being a fully owned subsidiary of BNP Paribas Personal Finance, part of the BNP Paribas Group, present in 65 countries with nearly 185,000 employees.

**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

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.

Providing our customers with excellent customer experiences across all communication channels and touchpoints are paramount to us, which is why we were very proud to be **named the best company for customer service in the banking industry in Sweden** in February 2023 by Brilliant Future AB. The result was based exclusively on data about the customers' experiences without a supplementary jury, and this is the third year in a row that we have won the award.

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 294 FTEs)
- Serve >450.000 customers
- Process >2.100.000 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 customers' and partners' demands.



# Our business

## 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

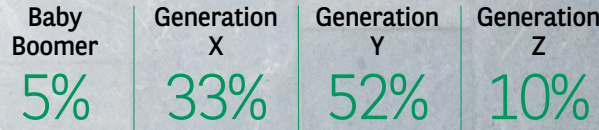
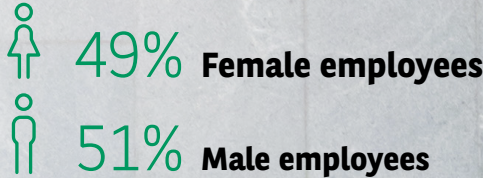
## A CULTURE OF RESPONSIVENESS

Our workplace culture is based on the desire to ensure that our colleagues are happy to go to work. Our most important resource and most important competitive parameter are our employees, and therefore we have a great responsibility to ensure the best conditions for their well-being, health and commitment.

In 2022, we took the opportunity to expand the work of our annual Global People Pulse Survey and rolled out a follow-up programme during the latter part of 2022 to access and evaluate the results. In 2023, we engaged the entire organisation and we captured the essence of where we can improve and make a difference thanks to cross-organisational workshops and team specific workshops. Four main development areas were identified, and with the responsibility and commitment anchored in our Nordic Executive Committee, the attention to these areas continued in 2023. In 2023, we launched a new Global People Pulse Survey, which was expanded with an additional survey focused exclusively on inclusion and diversity. After an in-depth analysis of the results of both surveys, an action plan was drawn up to meet the expectations and needs expressed by our employees in the surveys. Focus areas for 2024 will therefore be:

- Inclusion and diversity
- Leadership guidelines
- Remote leadership
- Change management
- How to combine team events with volunteer work

## EMPLOYEE PROFILE



# Our business

## MANDATORY RISK AND COMPLIANCE TRAINING

Our mandatory e-learning training provides essential knowledge to empower our employees to do the right thing for customers, partners, and colleagues. All employees must complete annual courses on a range of risk and compliance topics related to our policies, processes and applicable regulation. To highlight a few examples of the comprehensive e-learning program, some of the topics covered are:

- Anti-Bribery and Corruption
- Code of Conduct
- Cyber defense – Awareness
- Financial Security
- Personal Data Protection Awareness

## SUSTAINABILITY

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.

Ekspres Bank has practiced responsible lending at all times and to support to BNP Paribas’ ambition to be the leader in sustainable finance, we have committed to make positive impact in three key domains:

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

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

**T** : **To 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 2023. Examples of initiatives are:

- A commitment to share knowledge and examples of actions, 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 Group workshop programme “Engage4Impact”, which aims to increase awareness about sustainability, to inspire for more actions at a company- and individual level, and to

create an ambassador corps. In the first half of 2023, our Nordic Executive Committee, as well as the majority of our middle managers, carried out this workshop

- We have partnered with EcoTree, a leading supplier of nature-based solutions in Europe, on a tree gift card solution that contributes to the planting of forests in Europe.
- In May we carried out an e-waste campaign in collaboration with our IT partner, Atea, to manage the disposal of our IT equipment – items we no longer use - in an IT secure and sustainable way.
- 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. Therefore we provided a new framework in early 2023, which enables managers and employees to establish safe and secure remote working. The purpose was and still is to provide a transparent set of guidelines, in order to create flexibility and allow each team and each individual to find the right balance between working at the office and remotely. It is also key for us to preserve proactive business, efficiency and good team dynamics, foster agility, knowledge exchange, creativity and innovation, while empowering the staff with flexibility to organise themselves, their activity permitting. Thus from 2023 and onwards, we offer our employees an option to work from home two days a week on a voluntary and flexible basis.
- Making sure 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 focus on diversity, we organised a diversity run and walk on May 25th, where employees could sign up for a 3-kilometer walk or a 5-kilometer run during working hours.
- Our strive towards a 100% digital document exchange flow with our customers. Advocating 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.
- Our 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 were pleased to launch a new app to our Danish and Norwegian customers in the first half of 2023, which has enabled us to enhance our services to our customers.

# Our business

- We believe that we 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. During 2023, we have published 12 themed articles on our Danish website [expressbank.dk](http://expressbank.dk) on topics like 10 tips to save up; the rules of the Tenancy Act on rental accommodation and parent purchase - rules and tax matters.

## EMPLOYEE WELL-BEING & DIVERSITY

The **Board of Directors** elected by the general meeting of the Bank accounts for six female board members, thus at level set as the present target and criteria that was decided by the Board in 2021. The Board's target is to keep the level for underrepresented gender at least 40 % mix by end of 2026.

At the end of 2023 the gender mix in the Board was at 50/50.

The gender distribution in Ekspres Bank's **Nordic EB Management** is as follows:

At the end of 2023 it consists of 12 persons::



Thus there is currently an imbalance between gender for the Nordic EB Management.

The Board has set a target of 2028 to have a proportion of at least 40 % in Nordic EB Management. At the end of 2024 the target is to reach 25 % of the under-represented gender.

Ekspress Bank is committed to give equal opportunities to both genders. If similarly qualified candidates of different genders apply for the same position, Ekspres Bank may choose the candidate of the underrepresented gender to fill the position, to reach a balanced representation of genders in the Nordic EB Management.

The **Nordic Middle Management** do all directly report to a member of the Nordic EB Management and have personnel responsibility.

The gender distribution in Ekspres Bank's Nordic Middle Management is as follows:

Today it consists of 24 persons:



Thus there is considered to be balance between gender in Nordic Middle Management.

Nordic Middle Management are generally considered as being successors for EB Management.

The **Nordic Team Leaders** are all reporting to a member of the Nordic Middle Management.

Today it consists of 28 persons:



Thus there is balance between gender for the Nordic Team leaders.

Team Leaders are generally considered as being successors for Middle Management.

The balance between gender on the different management levels are monitored annually.

## EMPLOYEE WELL-BEING

We foster well-being, diversity and inclusion in our workplace, by communicating openly and sharing concerns with colleagues, managers and/or HR are key to ensuring a sound business culture, and such behavior is guided and promoted by our Code of Conduct and by our annual employee satisfaction survey. We encourage employees to speak up about suspected wrongdoing, and our escalation procedures and processes are designed to help employees recognize potentially significant issues and take immediate and appropriate action.

Internally, all departments have been informed about, and asked to familiarize themselves, with the company's procedures in relation to human rights. Employees are further needed to act in accordance with BNP Paribas Code of Conduct, which entails an individual employee responsibility in promoting human rights. This means that employees should always consider the direct and indirect impacts of their activities on human rights around the world. These principles are subject to mandatory annual training and tests. Via Express Bank's whistleblowing channel, employees are also encouraged to speak up, in order to bring awareness to among others potential breaches of human rights and decent working conditions.

# Nordic overview

Share of total outstanding balance

## NORWAY

7,2%

Acquisition channels being via retail partners, brokers and direct business at the end of 2023

## SWEDEN

65,1%

Acquisition channels being via retail partners, brokers and direct business at the end of 2023

## DENMARK

27,8%

Acquisition channels being via retail partners, brokers and direct business at the end of 2023

# 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. 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 credit risk. The maximum loan amount granted to private individuals is 500.000 DKK in Denmark, 500.000 NOK in Norway and 750.000 SEK in 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.

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's strategy on the credit risk area, includes incorporating forward looking macro events and management judgements on development of e.g. inflations impact on households.

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 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 is applied systematically in accordance with an IFRS9 based model, where an assessment is made based on the customer's historical 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 Credit Risk Committee 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.

### 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).



# Risk factors

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 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.

Due to the risk exposures stemming partly from branches in the Nordics, the Bank is though exposed to a structural risk on the capital ratios. In 2023 the Bank has started to build an open currency position to cover the identified structural currency risk. Therefore the currency position is increased compared to previous years to hedge the capital ratios.

## 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. which 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 have, 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's IT Security policy 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 its 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.

# Financial commentary

## HIGHLIGHTS 2023

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

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

In this light the management has ensured a provision, to cater for credit risk effects following the effect of increase of inflation. The credit risk focus has been an ongoing theme for 2023, with focus on reducing the banks NPL ratio, both in terms of performing a spot sale of the Swedish NPL portfolio as well as ensuring a forward flow agreement in Denmark and reviewing credit rules to enhance performance.

In the late summer of 2023, the Danish Financial Supervisory Authority carried out inspections of the Bank and have issued a number of orders in December 2023. Since the issuance of the orders, the Bank has worked intensively to improve the areas highlighted in the report covering areas of internal governance (e.g. risk management, compliance and corporate governance) as well as remediating areas concerning credit worthiness. Following the finalisation of the AML screening, the bank now only has the recent orders open to be addressed.

The Bank aims at having a full closure of the orders within deadlines and has a firm belief that the initiatives put in place will secure the Banks operation even further.

## CAPITAL ADEQUACY RATIO AND EQUITY

The Bank's capital base, less deductions and including capital increase of DKK 1.565m in 2023, amounts to DKK 3.592m (including Tier1 and Tier2) and the capital adequacy ratio amounts to 31,0% at the end of 2023 (22,3% 2022).

The Bank's solvency need is calculated to DKK 1.597m, at the end of 2023, corresponding to 13,8% of the risk-weighted exposures. Compared with the actual capital base of DKK 3.592m including T1 capital and the capital adequacy ratio of 31,0%, the excess solvency is DKK 1.995m (17,2%), which is sufficient to cover the Capital Conservation Buffer, the Countercyclical Buffer and the Company Buffer decided by the Board of Directors. The continuous operations of the business will be ensured with additional capital to cover extraordinary cost in relation to the strategic plan of the bank. A capital increase of DKK 350m was performed in March 2024 to ensure continued coverage of all capital buffers.

The bank has strengthened its solvency position during the year with capital increases totaling DKK 1.565,4m to cover for the current solvency requirement and the increasing combined buffer requirements.

Equity totaled DKK 3.307m against DKK 2.582m at the end of 2022 including T1 loan.

No payment of dividends is planned based on the Annual Report 2023 except for the interest on the Additional Tier 1 capital of DKK 13.6m.

## LOANS AND RECEIVABLES

The loans at amortized cost amount to DKK 12.176m, compared with DKK 12.710m at the end of 2022, which corresponds to a decrease of 4.2%, following a significant temporary reduction in production of new loans. This includes a small increase in the outstanding loans which is overshadowed by an increase in impairment losses. The net decrease of DKK 534m is mainly driven by Denmark and Norway, partly offset by an increase in the Swedish market mainly driven by a different pricing strategy compared to the market.



# Financial commentary

## NEW LOANS

Globally the amount of new loans and credit facilities in 2023 has decreased compared to 2022 (-22,5%). Great decline in the Danish market (-41,3%) and decrease in the Swedish market (-13,5%) are partly offset by strong growth in volumes in the Norwegian market (+79,9%).

## BALANCE SHEET

During 2023, the Bank's balance sheet increased by DKK 80,3m from DKK 14.299m to DKK 14.379m.

The increase is primarily driven by the increase in receivables from credit institutions due to capital increases, which is partly offset by a decrease in loans and receivables.

## 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 the end of 2023, impairment losses amounted to DKK 718m against DKK 378m in 2022. Accordingly, the impairment loss ratio is 5,1% in 2023 compared to 2,7% in 2022. Generally the cost of risk has been negatively affected in 2023 by the Nordic macro environment which is reflected in the updated provision rates. Further impacts include increased loss rates, uncertainty on the macroeconomic environment outlook and the deteriorating portfolio performance. The CoR is therefore influenced by exceptional factors.

The forward looking methodology factors in improvements in the macroeconomic situation and due to the uncertainties of the macro outlook any positive impact in the impairment calculation of Q4 is neutralized through a 68,5mDKK management provision. In addition the bank is maintaining a 29,5mDKK provision for any inflation uncertainties across the Nordics.

The banks NPL strategy is to perform recurring sales, the bank has entered into a forward flow agreement in Denmark and signed a debt sale agreement for the majority of the Swedish litigation portfolio. The concluded sale prices are lower than initial expectations due to the macro economic impact on the Nordic funding rates and liquidity. These changes in market sentiment are reflected in the updated loss rates for both the Danish and Swedish portfolios, leading to an impact of 95mDKK on Denmark and 110mSEK on Sweden. Additionally the result of 2023 is impacted by an accrual of 22m regarding a price adjustment on a previously performed debt sale in Denmark in 2022.

During 2023, continuous strengthening has been applied on the creditworthiness assessment for all three Nordic countries.

Further the Bank is aiming to execute on its NPL reduction strategy, focusing on the following three pillars:

- An improved granting process, based on a thorough creditworthiness assessment which will naturally lead to the decrease of risky loan production and therefore a decrease of the NPLs.
- An optimized collection process, focusing on early stages cash collection and prevent accounts from becoming 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 2023, the Bank delivers an overall result of DKK -780m before tax, which is significantly below the expectations stated in the half year report. The negative result is mainly driven by negative macroeconomic outlook in Scandinavia impacting our cost of risk and more specifically the litigation segment. The situation is also linked to increased legislation rules and high inflation impacting our funding costs and pressuring our margins. Additionally we did not anticipate the market difficulties to perform the Swedish debt sale which impacted the LGD negatively.

Net interest and fees decreased by 6,5% (down DKK 49m) compared to 2022. This is influenced by a negative volume effect in the Danish and Norwegian product mix carrying a lower interest margin.

The Bank's operating expenses and depreciation charges increased by 41,5% and totaled DKK 769m against DKK 543m in 2022. This increase is primarily driven by full impairment of the Swedish goodwill DKK 228,6 m following the latest economical outlook for the Swedish branch. Staff Costs and other administrative costs are increased by DKK 10,9m mainly due to increased staff costs.

Impairment losses increased by DKK 340m as described in the section on credit risk.

The deferred tax asset from tax losses has been derecognized in the financial statement in 2023, since it is not expected to be utilized within the next 3-5 years.

No payment of dividends is planned based on the Annual Report 2023 except for the interest on the Additional Tier 1 capital of DKK 13.6m.

# Financial commentary

## POST BALANCE SHEET EVENTS

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

With initiating the new strategic plan, the Bank is entering a new phase, and a change of Nordic CEO has been made, with Jérôme Garand taking the position as Nordic CEO replacing Annika Olsson as of March 1st 2024.

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

Please see "Outlook for 2024"

## CHANGES IN ACCOUNTING PRINCIPLES

No changes to accounting principles during 2023.

## OUTLOOK FOR 2024

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

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

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

Excluding one offs, the net income before tax is expected to be between -400MDkk and -500MDkk mainly due to the loss of revenues generated while the opex base will take more time to decrease. As the decision is recent and the impacts are still under assessment we remain cautious.



# Supervisory diamond

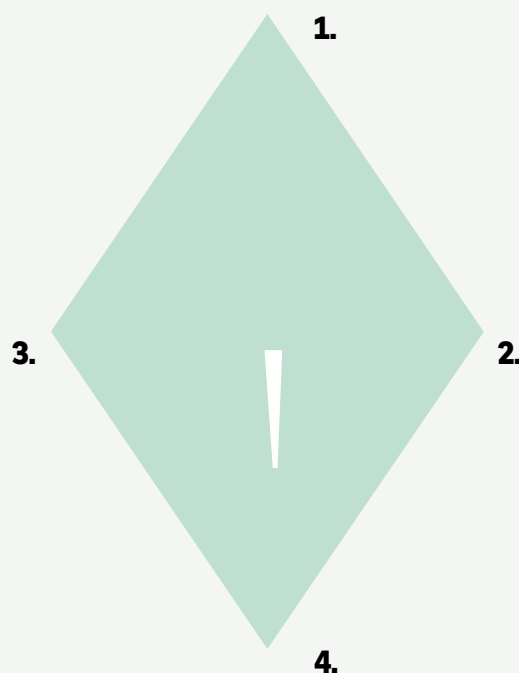
The Danish FSA has created a monitoring tool called the “Supervisory diamond” consisting of four benchmarks on specific risk areas, stating limit values which the Bank should basically observe.

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 2023, 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%	-4,2%	< 20%
3. benchmark -> Concentration on commercial property exposures < 25%	0%	< 25%
4. benchmark -> Liquidity ratio > 100 pct.	6,34	> 1,00



White lines = Ekspres Bank  
Green area = Limit values

# Solvency

(DKK '000)	2023	2022
Equity	3.141.289	2.405.131
Deferred tax assets	-2.114	-51.149
Intangible assets	-177.332	-419.733
IFRS9 phasing	0	22.169
Investments, etc.	0	0
Other deductions	-36.228	-11.809
<b>Total core capital after deductions</b>	<b>2.925.615</b>	<b>1.944.609</b>
Additional T1 loan capital	166.135	176.937
<b>Total T1 capital after deductions</b>	<b>3.091.750</b>	<b>2.121.546</b>
Subordinated loan capital after deductions	500.001	497.997
<b>Total capital base after deductions</b>	<b>3.591.751</b>	<b>2.619.543</b>
Total weighted items	11.571.842	11.750.294
Solvency ratio	31,0	22,3

The Bank's capital base, less deductions, amounts to DKK 3.592m, at the end of 2023. The capital adequacy ratio amounts to 31,0% end of 2023.

The excess capital adequacy is considered to be sufficient. The continuous operations of the business will be ensured with additional capital to cover extraordinary cost in relation to the strategic plan of the bank.

# Financial highlights

<b>Key figures (DKK '000)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net interest and fee income	715.897	756.281	881.111	893.764	866.748
Market value adjustments	-1.689	-389	2.553	-1.600	6.360
Staff costs and administrative expenses	506.008	495.122	444.447	403.854	380.405
Write-down of loans and receivables, etc.	718.314	377.778	406.975	394.824	279.264
Net profit for the period	-806.363	-124.915	-6.295	49.794	162.665
Loans	12.176.289	12.709.879	13.341.233	13.214.872	12.376.605
Deposits	6.741.529	6.828.551	6.724.153	6.954.566	4.881.467
Equity	3.307.424	2.582.068	2.395.956	2.060.347	2.046.322
Total assets	14.378.870	14.298.533	15.354.607	14.840.180	13.736.979

<b>Ratios (DKK '000)*</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Capital base	3.591.751	2.619.542	2.393.517	2.061.601	2.133.689
Solvency ratio	31,0	22,3	19,6	17,5	19,8
Core capital ratio	26,7	18,1	16,1	14,4	16,4
Return on equity before tax	-26,5	-5,9	0,0	3,9	10,4
Return on equity after tax	-27,4	-5,0	-0,3	2,4	8,2
Income/cost ratio	0,5	0,8	1,0	1,1	1,3
Interest-rate risk	0,3	0,2	0,4	0,6	-3,1
Currency position	24,9	5,2	2,9	5,3	0,0
Currency risk	0,9	0,0	0,0	0,0	0,0
Loans relative to deposits	0,6	0,5	0,5	0,5	0,4
Gearing of loans, end of year	3,7	4,9	5,6	6,4	6,0
Annual growth in loans	-4,2	-4,7	1,0	6,8	16,2
Excess cover relative to statutory liquidity requirements	633,8	386,4	1.375,8	547,8	387,0
Total amount of large exposures	0,0	0,0	0,0	0,0	0,0
Net impairment ratio	5,1	2,7	2,8	2,8	2,2
Return on assets	-5,6	-0,9	0,0	0,3	1,2

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

# Income statement and comprehensive income

(DKK '000)	NOTE	2023	2022
Interest income	1	1.032.305	829.656
Interest expenses	2	384.814	178.336
Net interest income		647.491	651.320
Fees and commission income	3	97.761	129.629
Fees and commission paid		29.355	24.668
Net interest and fee income		715.897	756.281
Market value adjustments	4	-1.689	-389
Other operating income	5	5.297	9.976
Staff costs and administrative expenses	6	506.008	495.122
Amortization, depreciation and impairment of intangible assets and property, plant and equipment		275.245	38.928
Impairment losses, loans and receivables, etc.	7	718.314	377.778
Profit before tax		-780.062	-145.960
Tax (+ is a cost, - is an income)	8	26.301	-21.045
Profit for the period		-806.363	-124.915
Other comprehensive income after tax		-9.243	4.234
<b>Total comprehensive income</b>		<b>-815.606</b>	<b>-120.681</b>

## Recommended appropriation of profit

Profit for the year		-806.363	-124.915
Profit retained from previous years		869.763	1.005.626
Exchange-rate adjustment		-9.243	4.234
<b>Total amount to be appropriated</b>		<b>54.157</b>	<b>884.945</b>
Proposed dividend		0	0
Additional T1 capital interest		13.598	15.182
Transferred to equity		40.559	869.763
<b>Total amount appropriated</b>		<b>54.157</b>	<b>884.945</b>

# Balance sheet

<b>Assets (DKK '000)</b>	<b>NOTE</b>	<b>2023</b>	<b>2022</b>
Cash in hand and demand deposits with central banks		0	18
Receivables from credit institutions and central banks	10	1.571.431	1 659.741
Loans and other receivables at amortized cost	11	12.176.289	12.709.879
Investment securities	12	10.274	8.488
Goodwill	14	0	228.183
Other intangible assets	15	177.332	191.550
Property, plant and equipment	16	12.909	19.847
Current tax assets		1.088	21.593
Deferred tax assets	17	2.114	51.149
Other assets	18	79.932	71.355
Prepayments		347.501	336.730
<b>Total assets</b>		<b>14.378.870</b>	<b>14.298.533</b>

# Balance sheet

<b>Liabilities (DKK '000)</b>	<b>NOTE</b>	<b>2023</b>	<b>2022</b>
<b>Amounts due</b>			
Due to credit institutions and central banks	19	3.525.525	4.091.569
Deposits from customers	20	6.741.529	6.828.551
Current tax liabilities		65	0
Other liabilities	21	221.153	163.008
Deferred income		83.173	117.635
<b>Total amounts due</b>		<b>10.571.445</b>	<b>11.200.763</b>
<b>Provisions for liabilities</b>			
Provisions for deferred tax	17	0	17.705
<b>Total provisions for liabilities</b>		<b>0</b>	<b>17.705</b>
<b>Subordinated debt</b>			
Subordinated loans	22	500.001	497.997
<b>Equity</b>			
Share capital		1.138.000	341.000
Share premium		1.962.730	1.194.368
Retained earnings or loss brought forward		40.559	869.763
Additional T1 equity	22	166.135	176.937
<b>Total equity</b>		<b>3.307.424</b>	<b>2.582.068</b>
<b>Total liabilities and equity</b>		<b>14.378.870</b>	<b>14.298.533</b>
<b>Other notes</b>			
Audit fees	9	Contingent liabilities	28
Credit risk	23	Related parties	29
Interest-rate risk	24	Audit and risk committee	30
Cash flow risk	25	Principles for intra-group trading	31
Foreign exchange risk	26	Associated companies	32
Securities lending	27		

# Statement of changes in equity

(DKK '000)	Share capital	Share premium	Equity method reserve	Retained earnings	Proposed dividends	Total	Additional Tier 1 Capital	Total
<b>Equity, beginning of 2022</b>	<b>291.500</b>	<b>913.356</b>	<b>0</b>	<b>1.005.626</b>	<b>0</b>	<b>2.210.482</b>	<b>185.474</b>	<b>2.395.957</b>
Capital increase	49.500	281.012	0	0	0	330.512	0	330.512
Profit for the year	0	0	0	-140.097	0	-140.097	15.182	-124.915
Other comprehensive income								
Translation of units outside Denmark	0	0	0	4.234	0	4.234	0	4.234
Total other comprehensive income	0	0	0	4.234	0	4.234	0	4.234
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-135.863</b>	<b>0</b>	<b>-135.863</b>	<b>15.182</b>	<b>-120.681</b>
Additional T1 capital								
T1 currency revaluation	0	0	0	0	0	0	-8.537	-8.537
T1 capital interest	0	0	0	0	0	0	-15.182	-15.182
Transactions with the owners								
Dividends distributed	0	0	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0	0	0
<b>Equity, end of 2022</b>	<b>341.000</b>	<b>1.194.368</b>	<b>0</b>	<b>869.763</b>	<b>0</b>	<b>2.405.131</b>	<b>176.937</b>	<b>2.582.068</b>

(DKK '000)	Share capital	Share premium	Equity method reserve	Retained earnings	Proposed dividends	Total	Additional Tier 1 Capital	Total
<b>Equity, beginning of 2023</b>	<b>341.000</b>	<b>1.194.368</b>	<b>0</b>	<b>869.763</b>	<b>0</b>	<b>2.405.131</b>	<b>176.937</b>	<b>2.582.068</b>
Capital increase	797.000	768.362	0	0	0	1.565.362	0	1.565.362
Profit for the year	0	0	0	-819.961	0	-819.961	13.598	-806.363
Other comprehensive income								
Translation of units outside Denmark	0	0	0	-9.243	0	-9.243	0	-9.243
Total other comprehensive income	0	0	0	-9.243	0	-9.243	0	-9.243
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-829.204</b>	<b>0</b>	<b>-829.204</b>	<b>13.598</b>	<b>-815.606</b>
Additional T1 capital								
T1 currency revaluation	0	0	0	0	0	0	-10.802	-10.802
T1 capital interest	0	0	0	0	0	0	-13.598	-13.598
Transactions with the owners								
Dividends distributed	0	0	0	0	0	0	0	0
Proposed dividends	0	0	0	0	0	0	0	0
<b>Equity, end of 2023</b>	<b>1.138.000</b>	<b>1.962.730</b>	<b>0</b>	<b>40.559</b>	<b>0</b>	<b>3.141.289</b>	<b>166.135</b>	<b>3.307.424</b>

The share capital amounts to DKK 1.138.000.000 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 indication of impairment, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less

# Notes to the financial statements

than the carrying amount, an irreversible impairment loss is recognized, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount is based on an estimate of the future cash flows to be generated by the unit, derived from the annual forecasts and discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

## 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

# Notes to the financial statements

amortized cost or at fair value through shareholders' equity is presented at fair value through profit or loss. Investments in equity instruments such as shares is also classified as instruments at fair value through profit or loss.

## IMPAIRMENT

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

## GENERAL IMPAIRMENT MODEL

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

- Expected credit losses at 12 months ("stage 1"): If, at closing date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is subject to a provision for depreciation for an amount equal to expected credit losses at 12 months (resulting from risks of default in the next 12 months).
- Expected credit losses at maturity for non-impaired assets ("stage 2"): The provision for depreciation is measured for an amount equal to the expected credit losses over the full lifetime (at maturity) if the credit risk of the financial instrument has increased significantly since initial recognition without the financial asset being impaired.
- Expected credit losses at maturity for impaired financial assets ("stage 3"): When an asset is impaired, the provision for depreciation is measured for an amount equal to the expected credit losses at maturity.

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

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

# Notes to the financial statements

- In practice, for exposures classified in stage 1 and stage 2, the expected credit losses are calculated as the product of the probability of default ("PD"), the loss given default ("LGD") and the exposure at default ("EAD") discounted at the effective interest rate of the exposure. They result from the risk of default in the next 12 months (stage 1) or the risk of default over the lifetime of the exposure (stage 2). In the specific business of consumer finance and given the characteristics of the portfolios, the method used by Ekspres Bank is based on probabilities of transition into the default stage and on discounted loss rates at default. Calculation of the parameters are made statistically by homogeneous population.
- For exposures classified in stage 3, the expected credit losses are calculated as the discounted value at the effective interest rate of the cash shortfall over the life of the instrument. Cash shortfall is the difference between the cash flows that are due by the customer in accordance with the contract and the cash flow that the Bank is expects to receive.

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

## OTHER ASSETS

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

## PREPAYMENTS / DEFERRED INCOME

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

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

## DEBT TO CREDIT INSTITUTIONS, CENTRAL BANKS AND DEPOSITS

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

## OTHER LIABILITIES

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

## 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)

2023

2022

Financial highlights are shown on page 23

### 1 Interest income

Loans and other receivables	1.017.907	828.583
Reverse repo transactions with credit institutions and central banks	14.398	1.073
<b>Total</b>	<b>1.032.305</b>	<b>829.656</b>

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	148.338	75.638
Reverse repo transactions with credit institutions and central banks	0	246
Deposits	207.398	86.246
Derivatives, total	0	212
Thereof concerning: Interest rate agreements	0	212
Leasing	193	252
Subordinated loans	28.885	15.742
<b>Total</b>	<b>384.814</b>	<b>178.336</b>

### 3 Fees and commission income

Payment service fees	11.345	13.881
Other fees and commission income	86.416	115.748
<b>Total</b>	<b>97.761</b>	<b>129.629</b>

### 4 Market value adjustments

Currency exchange	-1.689	-705
Derivatives	0	316
<b>Total</b>	<b>-1.689</b>	<b>-389</b>

# Notes to the financial statements

(DKK '000) 2023 2022

## 5 Other operating income

Income from shares	1.839	630
Other income	3.458	9.346
<b>Total</b>	<b>5.297</b>	<b>9.976</b>

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	209.367	198.859
Pension	25.322	22.399
Social security costs	41.535	44.201
Total	276.224	265.459
Other administrative expenses	229.784	229.663
<b>Total staff costs and administrative expenses</b>	<b>506.008</b>	<b>495.122</b>

# Notes to the financial statements

(DKK '000) 2023 2022

## 6 Staff costs and administrative expenses (continued)

### Number of employees

Average number of full-time employees during the financial year	294	298
Executive Board	1	1
Employees whose activities have a significant impact on the Bank's risk profile	20	20
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	3.216	3.144
Employees whose activities have a significant impact on the Bank's risk profile	28.591	24.564
Thereof variable salary	2.178	1.280
<b>Total</b>	<b>31.807</b>	<b>27.973</b>

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	1	4
<b>Total</b>	<b>1</b>	<b>4</b>

## 7 Impairment losses, loans and receivables, etc.

Individual impairment losses during the year	966.031	677.922
Reversal of individual impairment losses recognized in previous years	-272.135	-302.829
Final loss/gain on debt previously written down	24.651	4.555
Amounts received, previously written-off debt	-234	-1.870
<b>Total</b>	<b>718.314</b>	<b>377.778</b>

# Notes to the financial statements

(DKK '000) 2023 2022

## 8 Tax

Estimated current tax for the year	63	-19.454
Deferred tax	27.221	-700
Adjustment of estimated tax in prior years	-983	-891
<b>Total</b>	<b>26.301</b>	<b>-21.045</b>
Current tax rate	25,2%	22,0%

### Tax for the year comprises:

Profit before tax and affiliated undertakings	-780.062	-145.960
Statutory income tax rate of 25,2%	-196.576	-32.111
Adjustment of prior years' income tax	1.576	-891
Adjustment of prior years' deferred tax	-2.560	0
Local Norwegian current tax	63	101
Effect of increased tax rates *	-82	2.646
Effect of different tax rates in other countries	14.422	2.577
Deregonised tax lossess	147.061	0
Non-deductible expenses	62.397	6.633
<b>Total</b>	<b>26.301</b>	<b>-21.045</b>
Effective tax rate	-3,37%	14,42%

\* 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 2023 have been adjusted accordingly.

## 9 Audit fees

Total fee to the auditors appointed by the general assembly who perform statutory audit	1.954	3.169
Thereof concerning statutory audit	1.837	2.156
Thereof concerning fees for other assurance assistance	117	74
Thereof concerning tax advice	0	0
Thereof concerning other services	0	939

# Notes to the financial statements

(DKK '000) 2023 2022

## 10 Receivables from credit institutions and central banks

Receivables from credit institutions	1.571.431	659.741
<b>Total</b>	<b>1.571.431</b>	<b>659.741</b>

### Distribution of terms by maturity

#### Receivables from credit institutions and central banks

Overnight	1.571.431	659.741
<b>Total</b>	<b>1.571.431</b>	<b>659.741</b>

## 11 Loans and other receivables at amortized cost

Up to three months	1.176.261	1.182.270
From three months to one year	2.244.035	2.548.417
From one year to five years	6.387.329	6.530.038
More than five years	2.368.664	2.449.153
<b>Total</b>	<b>12.176.289</b>	<b>12.709.879</b>

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

Private	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

## 12 Investment securities

Shares / investment certificates noted on a regulated market	7.902	6.518
Unlisted shares	2.372	1.970
<b>Total shares</b>	<b>10.274</b>	<b>8.488</b>

# Notes to the financial statements

(DKK '000) 2023 2022

## 13 Investments in affiliated undertakings

Investments in affiliated undertakings, beginning of year	0	1.914
Merger	0	-1.914
<b>Investments in affiliated undertakings, end of year</b>	<b>0</b>	<b>0</b>
Amortization and value adjustments, beginning of year	0	8.054
Result of the year	0	0
Merger	0	-8.054
<b>Amortization and value adjustments, end of year</b>	<b>0</b>	<b>0</b>
<b>Carrying amount, end of year</b>	<b>0</b>	<b>0</b>

## 14 Goodwill

Goodwill, beginning of year	228.183	247.567
Foreign exchange adjustment	390	-19.384
<b>Cost, end of year</b>	<b>228.573</b>	<b>228.183</b>
Amortization and impairment losses, beginning of year	0	0
Amortization and impairment losses for the year	228.183	0
Amortization and impairment losses, end of year	228.573	0
<b>Carrying amount, end of year</b>	<b>0</b>	<b>228.183</b>

Goodwill is fully impaired using the capitalization method based on the current outlook for the future profitability

# Notes to the financial statements

(DKK '000) 2023 2022

## 15 Other intangible assets

Cost, beginning of year	371.690	373.018
Foreign exchange adjustment	193	-19.290
Additions in the year	27.012	32.597
Disposals in the year	52.459	14.635
Transfers	-1.635	0
<b>Cost, end of year</b>	<b>348.071</b>	<b>371.690</b>
Amortization and impairment losses, beginning of year	180.140	172.152
Foreign exchange adjustment	-418	-6.423
Amortization for the year	38.766	14.411
Reversal of amortisation charges and impairment losses	47.749	0
<b>Amortization and impairment losses, end of year</b>	<b>170.739</b>	<b>180.140</b>
<b>Carrying amount, end of year</b>	<b>177.332</b>	<b>191.550</b>

## 16 Property, plant and equipment

Cost, beginning of year	68.267	71.103
Foreign exchange adjustment	-47	-2.065
Additions in the year	804	3.704
Disposals in the year	5.389	4.475
Transfers	1.635	0
<b>Cost, end of year</b>	<b>65.270</b>	<b>68.267</b>
Depreciation and impairment losses, beginning of year	48.420	44.763
Foreign exchange adjustment	404	-883
Amortization for the year	9.298	8.780
Reversal of amortization charges and impairment losses	5.761	4.240
<b>Depreciation and impairment losses, end of year</b>	<b>52.361</b>	<b>48.420</b>
<b>Carrying amount, end of year</b>	<b>12.909</b>	<b>19.847</b>

At the end of year 2023 leasing contracts were mainly related to office premises (carrying amount of DKK 9,1m) and company cars (carrying amount of DKK 1,1m).

# Notes to the financial statements

(DKK '000) 2023 2022

## 17 Deferred tax

### Deferred tax assets

Loss carry forward	0	51.149
Timing differences	2.114	0
<b>Total</b>	<b>2.114</b>	<b>51.149</b>

The deferred tax asset 2022 relates to tax loss carried forward. The deferred tax asset from tax losses has been derecognized in the financial statement in 2023, since it is not expected to be utilized within the next 3-5 years. The tax loss carried forward amounts to DKK 98,8m in Sweden and DKK 48,2m in Denmark. Deferred tax loss in Denmark can potentially be partially or fully utilised by other entities in the joint taxation, leading to a potential future income.

### Deferred tax liability

Intangible assets	7.921	4.232
Tangible assets	-65	-129
Provisions for obligations	-24.683	0
Prepaid commissions	14.435	12.578
Other	278	1.024
<b>Total</b>	<b>-2.114</b>	<b>17.705</b>

## 18 Other assets

Interest and commission receivables	56.166	44.524
Other receivables	20.949	26.831
Tax account	2.817	0
<b>Total</b>	<b>79.932</b>	<b>71.355</b>

# Notes to the financial statements

(DKK '000) 2023 2022

## 19 Due to credit institutions and central banks

Up to three months	917.945	648.903
From three months to one year	1.232.675	1.615.232
From one year to five years	1.336.986	1.778.443
More than five years	37.919	48.991
<b>Total</b>	<b>3.525.525</b>	<b>4.091.569</b>

## 20 Deposits from costumers

### Deposits from the public broken down by maturity\*

Overnight	4.326.420	5.844.428
Up to three months	1.352.874	515.123
From three months to one year	1.025.692	401.438
From one year to five years	36.543	67.562
More than five years	0	0
<b>Total</b>	<b>6.741.529</b>	<b>6.828.551</b>

\* 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 **	2.415.109	780.589
Deposits with transactions / movements in the account	4.326.420	6.047.961
<b>Total</b>	<b>6.741.529</b>	<b>6.828.551</b>

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

# Notes to the financial statements

(DKK '000) 2023 2022

## 21 Other liabilities

Leasing liabilities	10.332	18.239
Accrued interest	42.625	23.859
Payables to related parties	2.680	3.463
Accrued expenses	110.916	86.175
Other payables	54.600	31.272
<b>Total</b>	<b>221.153</b>	<b>163.008</b>

## 22 Subordinated loans

### Subordinated loans

Loan - Nominal	Start date	Maturity date	Interest rate	Currency		
Loan 1 - 75.000	19-12-2019	18-12-2029	CIBOR 3M + 2,00%	DKK	75.000	75.000
Loan 2 - 310.000	28-06-2021	28-06-2031	STIBOR 3M + 2,00%	SEK	207.481	206.502
Loan 3 - 325.000	11-03-2022	11-03-2032	STIBOR 3M + 2,93%	SEK	217.520	216.494
<b>Total</b>					<b>500.001</b>	<b>497.997</b>

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 2023 the interest costs due to subordinated loans were in amount of DKK 28,88m.

### Additional Tier 1 loan

Loan - Nominal	Start date	Maturity date	Interest rate	Currency		
T1 Loan - 250.000	19-12-2018	perpetual	NIBOR 3M+liquidity cost+subordinated spread	NOK	166.135	176.937

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 2023 the interest costs due to additional Tier 1 loans were in amount of DKK 13,60m.

# Notes to the financial statements

(DKK '000) 2023 2022

## 23 Credit risk

### Loans and other receivables at fair value and amortized cost distributed on sectors

Private	14.085.945	13.955.115
<b>Total</b>	<b>14.085.945</b>	<b>13.955.115</b>

### Impairment of objectively impaired loans and receivables, individual

Accumulated impairment losses, beginning of year	1.245.236	1.143.926
Other	5.313	-47.727

### Changes in the year

Individual impairment losses in the year	966.032	677.922
Reversal of individual impairment losses recognized in prior years	-272.135	-302.829
Impairment provisions used and derecognized at disposal	-34.789	-226.056
<b>Accumulated impairment losses, end of year</b>	<b>1.909.656</b>	<b>1.245.236</b>

# 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).

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 Risk Committee and Board of Directors meetings.

# Notes to the financial statements

(DKK '000)

2023

## 23 Credit risk (continued)

IFRS 9 strata	Description categories	1	2a	2b	2C	Total
	<b>Total Stage 1</b>	<b>0</b>	<b>0</b>	<b>6.407.182</b>	<b>4.284.197</b>	<b>10.691.378</b>
1	Performing Exposures- "Pure"			6.371.749	4.216.628	
2	Never NPE but with Past-due exposures more than 12 months ago			35.433	67.568	
	<b>Total Stage 2</b>	<b>148.065</b>	<b>0</b>	<b>289.136</b>	<b>145.990</b>	<b>583.191</b>
3	Past-due exposures in the last 12 months and never NPE			184.889	86.790	
4	Past-due exposures more than 12 months ago with Forboreance and never NPE			87.770	34.096	
5	Past-due exposures in the last 12 months with Forboreance and never NPE			16.477	5.326	
6	Exposures 30 days delinquent never NPE				19.778	
7	Exposures more than 30 days delinquent but never NPE	148.065				
	<b>Total Stage 3</b>	<b>901.720</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>901.720</b>
8	Non past-due exposures and previously NPE	432.219				
9	Exposures up to 30 days delinquent and previously NPE	9.923				
10	Exposures more than 30 days delinquent and previously NPE	52.055				
11	Exposures more than 90 days delinquent and previously NPE	128.990				
12	Litigation	278.532				
	<b>Total</b>	<b>1.049.784</b>	<b>0</b>	<b>6.696.318</b>	<b>4.430.187</b>	<b>12.176.289</b>

# Notes to the financial statements

(DKK '000)

2022

## 23 Credit risk (continued)

IFRS 9 strata	Description categories	1	2a	2b	2C	Total
	<b>Total Stage 1</b>	<b>0</b>	<b>0</b>	<b>5.010.062</b>	<b>5.958.242</b>	<b>10.968.304</b>
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	
	<b>Total Stage 2</b>	<b>83.908</b>	<b>0</b>	<b>369.629</b>	<b>142.751</b>	<b>596.288</b>
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 Forbearance and never NPE			35.066	9.431	
5	Past-due exposures in the last 12 months with Forbearance and never NPE			7.712	2.220	
6	Exposures 30 days delinquent never NPE				45.484	
7	Exposures more than 30 days delinquent but never NPE	83.908				
	<b>Total Stage 3</b>	<b>1.145.287</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.145.287</b>
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				
	<b>Total</b>	<b>1.229.195</b>	<b>0</b>	<b>5.379.692</b>	<b>6.100.993</b>	<b>12.709.879</b>

# 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 customers 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 are 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)

2023

## 23 Credit risk (continued)

### Changes in impairment Credit Risk

Impairment movements per stage	Stage 1	Stage 2	Stage 3	Total
Impairment at the beginning of the year	181.005	122.874	941.357	1.245.236
Derecognition including disposals	-26.203	-13.716	-30.987	-70.906
Transfer to Stage 1	5.813	-49.222	0	-43.409
Transfer to Stage 2	-12.974	235.328	-41.347	181.007
Transfer to Stage 3	-2.877	-175.908	358.392	179.607
Origination	65.785	4.641	451	70.877
Impairment provisions used	-6.249	-3.670	-18.637	-28.556
Change without transfer	-18.480	19.776	381.781	383.077
Others	-270	-787	-6.220	-7.277
<b>Impairment at the end of the year</b>	<b>185.550</b>	<b>139.316</b>	<b>1.584.790</b>	<b>1.909.656</b>

### Changes in impairment Credit Risk

2022

Impairment movements per stage	Stage 1	Stage 2	Stage 3	Total
Impairment at the beginning 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
<b>Impairment at the end of the year</b>	<b>181.005</b>	<b>122.874</b>	<b>941.357</b>	<b>1.245.236</b>

# Notes to the financial statements

## 24 Interest rate risk

According to the definition by the Danish Financial Supervisory Authority (DFSA) the Bank's interest rate risk amounts to 0,3% (2022: 0,2%) 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

2023

2022

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.

Due to the risk exposures stemming partly from branches in the Nordics, the Bank is though exposed to a structural risk on the capital ratios.

In 2023 the Bank has therefor started to build an open currency position to cover the identified structural currency risk. The currency position is therefor increased compared to previous years in order to perform a hedge of the capital ratios. The Bank has the opportunity to seek the permission from the FSA to exclude the structural currency positions taken to mitigate the structural risk.

## 27 Securities lending

	Currency	Nominal value	Market value
Danish government bonds	DKK '000	196.789	191.771
Swedish government bonds	SEK '000	454.000	446.187

Securities are borrowed as reverse REPO arrangements with BNP Paribas.

## 28 Contingent liabilities

Unused credit and loan commitments	1.570.035	1.671.767
<b>Total</b>	<b>1.570.035</b>	<b>1.671.767</b>

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.

The amount of the fine was previously classified as a contingent liability. The fine is settled at DKK 3m and is therefore included as a liability on the balance end of 2023.

# Notes to the financial statements

(DKK '000)

## 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](http://www.bnpparibas.com)

## 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

## 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

	2023	2022
Loans from related parties	4.153.170	4.739.169
Receivables from related parties	933.802	131.083
Interest costs	184.172	103.476
Insurance income	39.554	51.469
Reinvoiced external costs	58.406	56.137

No transactions have been conducted between Ekspres Bank and its ultimate parent, BNP Paribas or other subsidiaries of the BNP Paribas group in 2023, except for loans (2023: DKK 4.153m, 2022: DKK 4.739m), receivables (2023: DKK 934m, 2022: DKK 131m), net interest (2023: DKK 184m, 2022: DKK 103m), insurance income (2023: DKK 40m, 2022: DKK 51m), reinvoiced costs (2023: DKK 58m, 2022: DKK 56m) and the security lending mentioned in note 27.

# Notes to the financial statements

(DKK '000)

2023

## 32 Associated companies

### Name and location

<b>Ekspress Bank NUF</b> Oslo, Norway	Ownership in %	100
	Average number of employees	5
	Revenue *	96.907
	Profit before tax	-75.145
	Tax	4.557
	Government grants received	0

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

<b>Express Bank Sverige Filial</b> Kista, Sweden	Ownership in %	100
	Average number of employees	76
	Revenue*	691.415
	Profit before tax	-291.332
	Tax	-49.861
	Government grants received	0

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

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