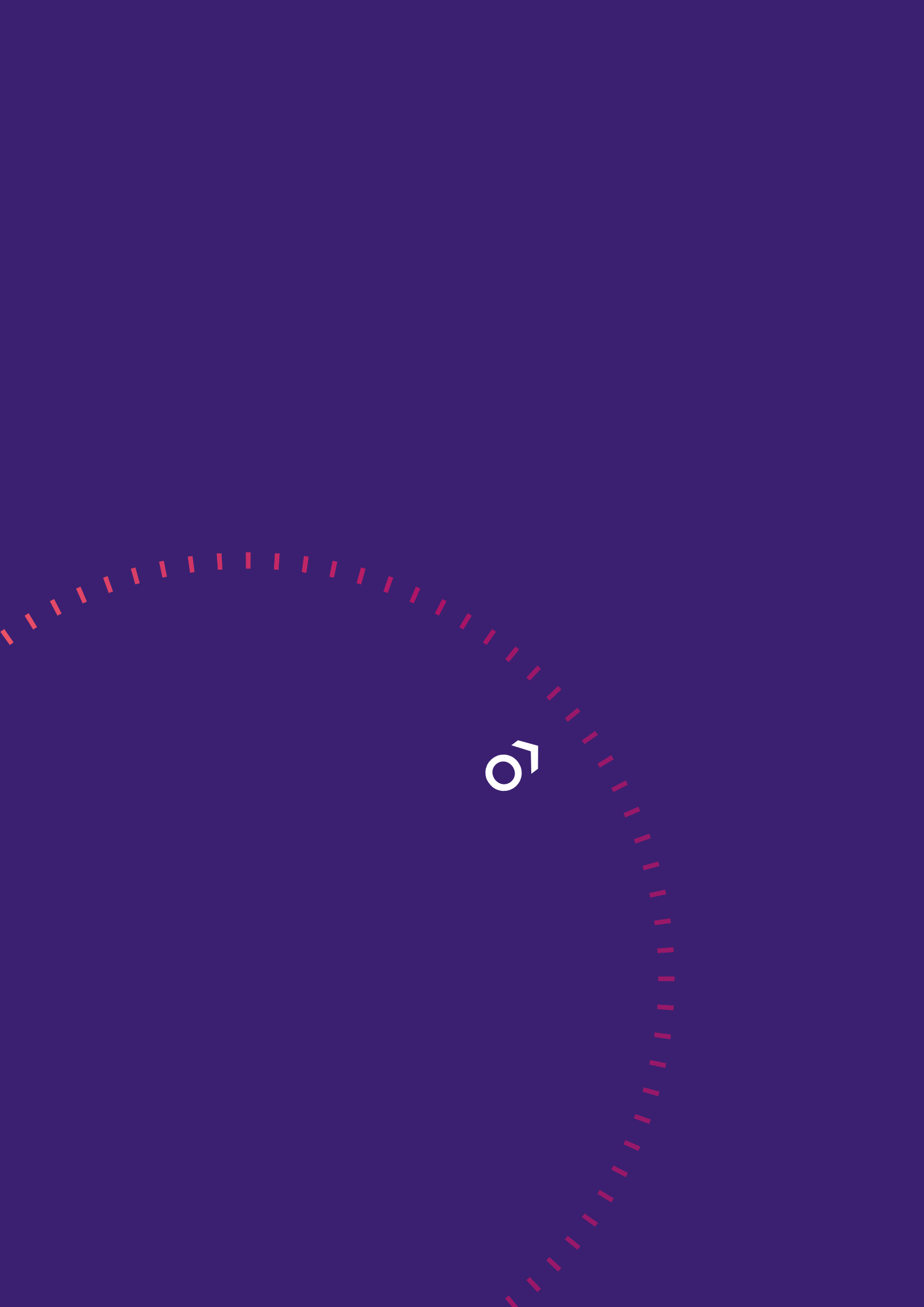


annual report 2023

10

kompasbank





annual report 2023



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Annual report

01.01.2023-31.12.2023

kompasbank a/s

Frydenlundsvej 30
2950 Vedbæk

CVR-nr. 38 80 36 11

Approved at the Company's annual
general meeting on 29 April 2024

Chairman of the meeting:
Steen Rode



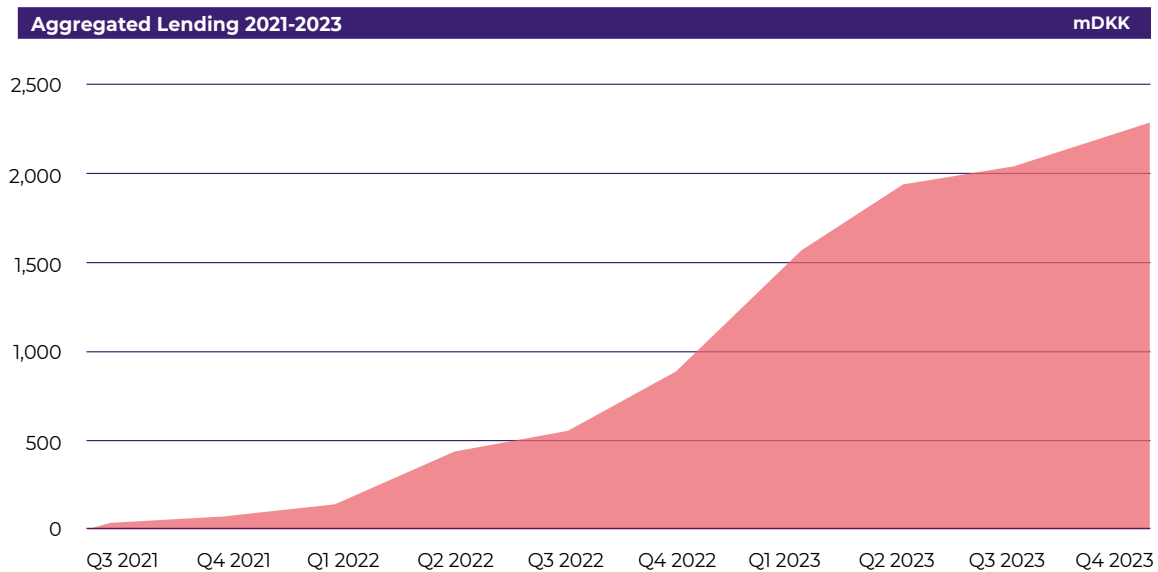
highlights
2021-2023

2,4 billion DKK
aggregated
Lending

50 million DKK to
people's savings
accounts

3,5 billion DKK
aggregated
savings

1,500 jobs
created



letter from chairman




I am delighted to present our annual report for 2023, showcasing another year of growth for our bank.

Despite the challenges posed by a dynamic market environment and difficult capital markets, I am

pleased to report that despite a slightly larger-than-expected loss, we have seen robust revenue growth and demonstrated the effectiveness of our international business model. We have seen the reserves for future potential losses grow due to higher economic uncertainty and we have taken prudent actions to balance our portfolio risk and growth aspirations. We have proven our organizational resilience in working with the regulator during their thorough inspections in the second half of the year.

Business Strategy and Achievements. Throughout the year, we remained focused on executing our strategic initiatives to drive sustainable growth and value creation. We continue to see significant demand for our financing products in Denmark, and our expansion efforts into international markets have been particularly noteworthy, opening up new avenues for revenue generation and customer acquisition. Additionally, our continued investment in technology, automation of processes, and product innovation has allowed us to broaden our interactions with our customers.

Market Analysis and Outlook. The EU banking landscape continues to evolve, and kompasbank represents an important development through our innovative technology-driven approach and cross-border SME focus.



Throughout the year, we remained focused on executing our strategic initiatives to drive sustainable growth and value creation.



Our understanding of the market dynamics, coupled with our technology-driven approach, position us well to navigate through upcoming challenges and capitalize on emerging opportunities.

Regulatory Compliance and Risk Management. After successfully starting our international lending business in Q1, the Danish regulator paused our international growth and subsequently announced the first regulatory inspections at Kompasbank since we received our banking license in 2021. I am pleased to report that these inspections were concluded towards the end of the year, underscoring our commitment to regulatory compliance and robust risk management practices. We remain steadfast in our adherence to regulatory requirements and are continuously strengthening our compliance framework to mitigate potential risks to our business.

Equity Infusions for Growth. To continue our ambitious growth plans, we secured two equity infusions during the year. These investments provide us with capital to execute our strategic initiatives and reflect the confidence of our investors in our long-term vision and prospects.

Looking Ahead. We are excited about the opportunities that lie ahead in the SME banking sector across the EU. Our cloud-based technological infrastructure allows us to think internationally, and we remain convinced that the EU economy needs more efficient cross-border SME banking like Kompasbank. This is essential for unlocking additional growth through a more integrated financial market and economy and achieving the full benefits of the 'EU - one market' philosophy. With a strong organizational and technological foundation in place and a clear strategic roadmap, we are well-positioned to capitalize on the opportunities presented by the SME sector in the EU and drive sustainable growth and success for us and our customers in years to come.



Our cloud-based technological infrastructure allows us to think internationally, and we remain convinced that the EU economy needs more efficient cross-border SME banking like Kompasbank.

In closing, I would like to extend my appreciation to our dedicated team, valued customers, supportive shareholders, and all stakeholders for their commitment and trust in our bank.

Thank you.

Sincerely,

Jeppe Brøndum

Chairman
Board of Directors

a word from founder



Welcome to our third annual report as a Danish FSA-regulated bank. We received the bank license in March 2021, but the technology company, eventually becoming Kompasbank a/s, was formed in 2017 –

almost as a pressure point to execute the idea that, at the time, had been developing in my head for a while. So, whilst we are a young bank that celebrated its 3rd birthday on March 15th, 2024, we feel much more mature and ready for the scale-up that we anticipate over the next decade.

Achievement. But let's not get ahead of ourselves; I am so proud of what has been achieved over the last three years, and that feeling of achievement does not get any smaller, combining it with the environment in which we have grown our business in that timeframe.

People. Navigating these exceptional circumstances (pandemic, war, inflation, interest rate hikes, geopolitical instability, transformational technological advances) may seem obvious when looking back, but in each situation – so many decisions could have gone wrong. But did not. Time and time again, the team has proven its ability to move swiftly and decisively when needed, finding creative solutions to complex problems, challenging the status quo, and growing the business with a firm belief in our value proposition to customers. I could be slightly biased, but you would be hard-pressed to find a better group of people to spend time with. Thank you!



Time and time again, the team has proven its ability to move swiftly and decisively when needed, finding creative solutions to complex problems.






We help SMEs reach their full potential. We are delivering on our purpose every day. In less than three years, we have supported thousands of customers across our retail deposit and corporate lending products in three countries. In aggregated lending, we have grown our loan portfolio from zero to more than 2 billion DKK. We have taken in around 3.5 billion DKK in aggregated deposits, and over the last three years, added almost 50 million DKK to people's savings accounts. All of this would not have been possible without the technology platform we are operating today, its scale, its swiftness, and its flexibility.

2024. Going into this year, we are more committed, motivated, and determined than ever to do whatever it takes to support our customers with new products and services, expanding our market reach and operational foundation to grow the business for the benefit of SMEs across Europe. In Denmark alone, more than twenty thousand prescreened credit-eligible SMEs are waiting for our support, as they need to refinance more than 55 billion DKK in interest-bearing debt in the coming years.

And as always, we continue insisting on an opportunistic approach to executing a great deal when we see it.



We are delivering on our purpose every day. In less than three years, we have supported thousands of customers across our retail deposit and corporate lending products in three countries.

management report



Introduction & business activities. Headquartered in Copenhagen, Denmark, Kompasbank is a technology driven cloud bank that provides credit & financing facilities for small- and medium-sized companies and deposit & savings facilities for retail depositors.

Purpose. Our ambition is to become a prime growth enabler for SMEs and help them reach their full potential by delivering superior banking services in the EU. We do this by operating the bank with a fully cloud-based, API- and module driven infrastructure. Our innovative and proprietary technology platform provides a clear and comprehensive competitive advantage in the market due to significantly lower cost, product development speed and customer reachability.



The market we are addressing. The SMEs are the largest contributor to the Danish and European economy. They are crucial for the development of the largest companies, account for most of the job creation, most of the economic value added, and they serve a critical role in local communities. However, they often struggle to find suitable debt financing, and according to the ECB, 20% of SMEs in Europe list access to finance as their most urgent problem. It is estimated that the EU lacks an additional €400 billion of SME financing to optimise its growth potential.

Historically, serving and supporting the SMEs in the incumbent banking sector have often fallen in between retail- and corporate banking, leaving them without a dedicated solution from the established bank sector.

Our ambition is to become a prime growth enabler for SMEs and help them reach their full potential by delivering superior banking services in the EU.





In addition, the implementation of new technological infrastructure in the banking sector has not kept up with the developments seen in many other industries. In a technology-driven world, this presents a challenge in aligning customer expectations with the capabilities of the banking sector. We have an opportunity to address this problem with new technology and modular infrastructure to meet customer expectations, and hopefully exceed them. We can scale internationally with more efficient services, more speed and lower cost while also serving customers in novel ways previously unexplored in the sector.

We can scale internationally with more efficient services, more speed and lower cost while also serving customers in novel ways previously unexplored in the sector.

Looking back at 2023

Macro environment. The economic climate in 2023 continued the difficult circumstances in which 2022 ended. The decisive interest rate increases from the Central Banks to stem inflation caused repricing of assets and risk appetite, including lending- and investment conditions. It is in this context that the performance of Kompasbank should be seen and viewed. And again in 2023, we have stayed on course to execute our strategy of building a diversified SME loan portfolio, and continued to invest in our products and services.

Business lines. We operate three distinct business lines. First, deposits & savings, in which we provide competitive yields for our deposit customers who are looking for competitive rates backed by the EU's deposit guarantee scheme. Second, SME lending, in which we provide loans for our SME customers. Third, our platform services, which operates our marketplace which provides digital optimization opportunities for our customers.



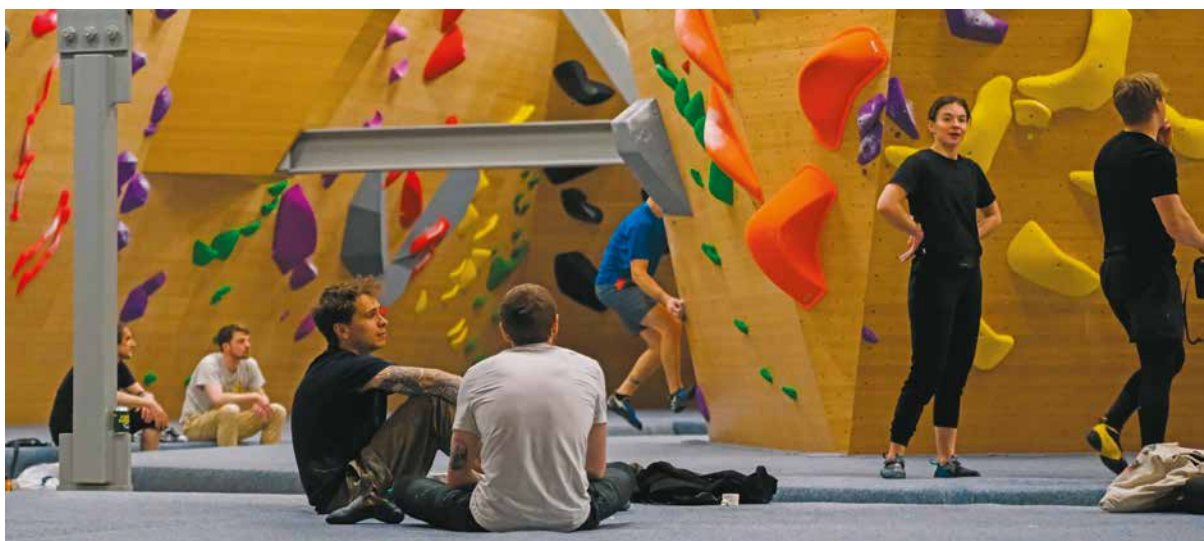
Deposit growth. Deposits have shown acceptable and satisfactory growth during 2023. We started the year with tDKK 1,537,084 in deposits, and ended 2023 with tDKK 1,635,822 (6,4% YoY growth) providing us with a comfortable deposit base to support our continued expansion in business activities. The majority of our deposits were onboarded in 2022, and stayed stable with us throughout the year, limiting our need for further deposit growth.

We have continued to improve our long term journey of providing extraordinary customer experiences, with focus on speed and tailor made solutions.

Lending growth. Lending has shown acceptable growth during the year. Especially considering the regulator-imposed pause in our Spanish lending business. We started the year with tDKK 802,370 in loans, and ended 2023 with tDKK 1,061,514 in loan balance (32,3% YoY growth). The loans have been disbursed to companies in numerous industries, loan sizes, geographical locations, and durations.

Platform Services. In 2023 we grew our B2B digital marketplace, called “kompasbank navigator”, to +80 partners. The areas covered are administration, sustainability, accounting & bookkeeping, HR & people management, legal, marketing, finance, risk management, and sales. In addition, our user growth has organically quadrupled from 250 to 1000 without any meaningful marketing investments.

Customers. We have continued to improve our long term journey of providing extraordinary customer experiences, with focus on speed and tailor made solutions.





As in previous years, we have the belief that SMEs can and should move forward under better terms and circumstances, which includes long term capital, efficient transactions with stakeholders, and an increased focus on digitization.

As a bank, we hold a special position in society. We are safeguarding and growing people's financial savings, and we are a provider of buying power. Credit provides our SME customers with immediate buying power, against a contractual obligation to pay it back. It is our core belief that for Denmark, and Europe as a whole, to remain competitive for future generations, it is paramount that SMEs are able to attract capital.

In Kompasbank, we are doing our part to solve the need for available credit capital, which is a main driver for job creation and growth in the both the Danish and European region by giving businesses, municipalities and public owned companies the ability to buy goods and services, hire people, make investments and grow their communities. Overall many SMEs have chosen to do business with us, and several thousand retail depositors have placed their deposits with us for safekeeping and high financial return.

People & Culture. Our key focus has been to ensure new employees are fully aware of their responsibilities and expectations, and that they see how their specific role plays an important part in a broader context. We expect this work to continue over time as we grow our staff and



We are safeguarding and growing people's financial savings, and we are a provider of buying power.




organisation across markets. We highly embrace a culture of collaboration and space to allow our individuals and teams to reach their full potential with sufficient guidance and support.

Financials. The result for 2023 shows a loss before tax of tDKK 111,518, and is higher than expected. The loss for 2022 was tDKK 73,996. The deviation from the half year guidance is primarily the result of lower than expected revenues from our international activities, and secondly impairments that were larger than budgeted for, while the operating costs were in line with expectations.

The balance sheet stands at tDKK 1,878,605 at the end of December 2023 (tDKK 1,756,427 at end-2022). The bank has a loan book of tDKK 1,061,514 at the end of December 2023 (tDKK 802,370 at end-2022). The deposit balance was tDKK 1,635,822 at the end of December 2023 (tDKK 1,537,08 end-2022). In addition the bank raised additional equity of tDKK 136,812 during the year.

Compliance. As a participant in the financial services industry, we are subject to extensive regulation and supervision in the markets we operate in. In 2023 the bank went through comprehensive inspections from the Danish FSA. These inspections were not just routine; they went deeply into the details and operations of our operational frameworks, risk management, AML/KYC and capital & liquidity management. While such evaluations are a standard aspect of daily operations for established banks, for Kompasbank, it was the first opportunity to have regulators test the setup and therefore served as



We highly embrace a culture of collaboration and space to allow our individuals and teams to reach their full potential with sufficient guidance and support.



more than just an assessment. We worked diligently with the regulator before, during and after the inspections and are in the process of resolving all feedback and injunctions. Completing our first inspections since receiving our banking licence was a significant milestone in our journey and a reaffirmation of our commitment to upholding the highest standards in banking practices.

Completing our first inspections since receiving our banking licence was a significant milestone in our journey and a reaffirmation of our commitment to upholding the highest standards in banking practices.

The danish FSA reports are available on the banks website (www.kompasbank.dk) and on the website of the danish FSA (www.finanstilsynet.dk).

Looking forward to 2024

Financial Outlook. It is expected that the bank's financial full year 2024 result will be a loss in the range of mDKK 30-50. This is an improvement from 2023 by mDKK 80-90.

It must be stated that forecasting is always uncertain, and we note that this year is at an elevated uncertainty due to the stage of the bank's life-cycle combined with the current macroeconomic environment. The bank should continue to benefit from normalised interest rates, but could also be vulnerable to potential credit losses given the uncertainty of the economy. We have taken measures to mitigate the risks to our business and to ensure that resources are allocated appropriately.

It seems the broad consensus amongst investors and analysts favours a soft-landing economic outcome in the current cycle. Fortunately, there





are several indicators pointing in that direction. However, we remain cautious and are not yet fully convinced that inflation is under control, and the potential repercussions of a resurgence of inflation must be viewed in a defensive manner.

Our commitment to deliver on our mission means that we are carefully balancing our investments in present and future income streams.

This view, coupled with a desire to grow, places extra focus on our credit assessments and collateral for the loans we underwrite, and the bank has taken measures to operate under this scenario. In addition, the bank will continue to operate with a core focus on areas in which the bank has an elevated level of control; this includes financial cost discipline, improving our sales scalability and increasing our operational efficiency. Mostly, this is done through technological applications and automations.

Equally, the bank must at all times operate with external factors impacting our financial position. This includes interest rates, regulatory requirements, competition, macroeconomic development and more. These external factors are very difficult, if not impossible, to forecast accurately.

We will continue to make investments to deliver on our mission and vision statements over the coming years, supported by raising additional equity capital both in the coming quarters and going forward. Our commitment to deliver on our mission means that we are carefully balancing our investments in present and future income streams. We expect that such investments will result in growing diversified revenues, while accepting that investments of such magnitude take time to fully materialise.

Product Outlook. During 2024 we expect limited, but impactful new product launches. We are excited about expanding the offering to our existing customers. Both in terms of tailor made credit products, but also





moving into other areas that will serve our SME customers in a more comprehensive way.

We expect to continue to grow our diversified loan portfolio across markets, and we plan to continue to invest in building a cohesive SME product- and service experience that includes, but also goes above and beyond, traditional banking products.

Operational Outlook. 2023 turned out to be an important year for our operational foundation. We managed to both grow into two new geographical markets (Germany and Spain), raise additional equity in a tough capital market and go through full regulatory inspections. We remain optimistic about the operational outlook for 2024 and continue to invest in our foundational structures and processes through cutting-edge technology and automation wherever possible.

Our investments in – and leverage of – the technology opportunities available also requires the bank to be attentive towards legislative changes and sustainability expectations. We do not view this as a standalone project, but an integrated part of our daily operations and milestones.

We expect the requirements for data security and utilisation to evolve increasingly in the future, and the bank has already established relevant policies that are expected to develop and mature on an ongoing basis.

Capital and Liquidity

Capital. As of 31 December 2023 the bank's capital base was tDKK 225,790, which consisted of tier 1 capital. The risk weighted exposure was tDKK 756,209 and the capital ratio was 29,9%.

We expect to continue to grow our diversified loan portfolio across markets, and we plan to continue to invest in building a cohesive SME product- and service experience that includes, but also goes above and beyond, traditional banking products.

Management has determined the required own funds by taking the expected growth of the lending book into account, and allocating capital for all relevant risks for the next 12 months. The bank's required own funds excluding buffers have been determined to be tDKK 116,857 at end-December 2023 and with a total capital of tDKK 225,790, the excess capital is tDKK 108,933. The bank is expecting to raise additional capital during 2024 to support growth opportunities and aspirations, in order to fully balance the capital availability with the expected profit/loss for the year.

At the end of 2023, the Danish FSA has set the minimum requirement for own funds and eligible liabilities (MREL) to 16.1% of the risk-weighted exposure and 4.5% of the bank's total exposure measure (as defined by CRR article 429).

Heading into 2024 The Danish FSA has set the MREL requirement for the Bank as of January 1, 2024, at 24.1% of the total risk exposure and 4.5% of the Bank's total exposure measure (leverage ratio).

As of January 1, 2024 the MREL requirement for the Bank is 19.1% of the total risk exposure and 4.5% of the Bank's total exposure measure.

Liquidity. As of 31 December 2023 the bank had an adequate liquidity coverage measured by an LCR ratio of 3,470% and NSFR ratio of 165%. The bank has set internal limits for LCR at 150% and NSFR at 125%.

Supervisory Diamond. The Danish FSA has identified four risk indicators for banks and has set limit values with which all Danish banks must comply. The requirements are known as the Supervisory Diamond.

The limits of the Supervisory Diamond and the bank's current figures per 31 December are as follows:





Indicator	Limit	2023
Sum of large exposures	< 175%	154%
Property exposure	< 25%	12%
Lending growth	< 20%	31%
Liquidity indicator	> 100%	2,096%

As of 31.12.2023, the bank complies with three of the four thresholds in the diamond. The benchmark for lending growth is breached since the lending book is in the build-up phase.

Risk factors and uncertainties

Risk Landscape. The overall objective when managing risk at Kompasbank is to enable the best decision making, in a sensible and risk adjusted manner. With an outset in the bank's business model, the bank is implementing an enterprise risk management approach based on the bank's Risk Landscape. The bank's Risk Landscape consists of the following risk areas, which all have more granular sub-risks:

- Credit Risk
- Liquidity & Funding Risk
- Market Risk
- Operational Risk
- Financial Crime Risk
- Information Security & Cyber Risk
- Strategic Risk
- Regulatory Compliance Risk

Risk areas of the bank. A further elaboration of the bank's risks, policies and objectives can be found in the Annual Risk Report (Pillar 3 Disclosures).



3 Lines of Defence. The bank has adopted the three lines of defence model, however currently no internal audit function is in place. As part of the three lines of defence set-up, risk ownership as well as risk culture is continuously matured with the build-up of the organisation in order to obtain the appropriate control environment.

During 2023 Kompasbank has improved and matured its enterprise risk management framework and will continue to do so in the years to come.

During 2023 Kompasbank has improved and matured its enterprise risk management framework and will continue to do so in the years to come.

The bank's financial risks are further elaborated in note 20, and the full risk management framework is described in the Annual Risk Report – Pillar 3 Disclosures.

Emerging Risks. The geopolitical situation has been unstable throughout 2023, and continues to be so with increased tensions between East and West and increased numbers of large conflict zones closer to Western territories. At the same time both SME (lending) and private individuals (deposits) alike are forced to navigate highly difficult challenges, including inflation, housing shortages, globalisation and trade imbalances, and various technological changes and automations.

We have also seen a steep increase in costs, including energy prices and interest rates, in 2023. Although energy prices have been decreasing in 2023 they are still at a high recent historical level, and interest rates are expected to stabilise in 2024, but still expected to be at a high level. All these factors may dampen the need for financing in Europe in general in 2024, however the outlook seems slightly brighter in 2024 than the outlook provided for 2023. These uncertainties could affect the growth and profitability of the bank. This is further described in the above section "Looking forward".





Other uncertainties. Besides the above forward looking uncertainties the preparation of these financial accounts requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable but that are inherently uncertain and unpredictable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off balance sheet items, as well as income and expenses in the financial accounts presented, and these are described in more detail in (note 1) on Accounting Principles, especially the section “Significant accounting estimates” and “Loan and impairment”.

Events since the balance sheet date

No events have occurred in the period up to the presentation of the 2023 annual report, which materially affect the bank's financial position.

Management

Board of Directors. The Board of Directors is elected by the general meeting for the period of time until the next ordinary general meeting. For an overview of management and directorships for the Board of Directors and Executive Management, please refer to page 53 of the Management Commentary for directorships and executive positions of the members of the Board of Directors and the Executive Board.

Executive Management. The executive management consists of two members. Michael Hurup Andersen as executive director and from the 6th march 2024 Rune Nørregard joined the Executive management as executive director and COO.

Division of responsibilities. The Board of Directors has the overall responsibility and The Executive Management handles the daily operations and secures compliance with outlined policies and regulation. Kompasbank currently has no committees.

Remuneration. Remuneration guidelines are laid down in the Remuneration Policy approved at the General Meeting and detailed information on the remuneration of the Board of Directors and the Executive Management is disclosed on our webpage (<https://kompasbank.dk/finansiel-information>).

Diversity. We have implemented a Diversity Policy to emphasise our commitment to grow diversity. The gender diversity in the board of directors has been stable at 20/80 since the banking licence was received in March 2021 as there has been no changes in the members of the board of directors.

Accounting policies

The bank has prepared the annual report 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 used in the preparation of the financial statements are consistent with those of last year's annual report. Accounting policies are described in note 1. For more information about uncertainty in recognition and measurements see accounting policies in note 1.



case Vestjysk Rustfri Montage



Always one step ahead of customers' needs

Vestjysk Rustfri Montage is a specialized metal and blacksmith company that works for various clients in Denmark and abroad.

Brian Bloch is the CEO and owner of the company. Since taking over the company in 2017 as sole owner, he has consistently expanded and developed the business, which has led to an increase in the number of employees from 20 to over 50.

The company now provides end-to-end solutions for its customers, spanning from development to production and assembly, and has continuously invested several millions in machinery to achieve this.

Equipped with a modern and extensive machinery park, Vestjysk Rustfri Montage can perform the most advanced and specialized tasks in-house, resulting in shorter delivery times and increased reliability for its customers. In 2020, the company built a new headquarter that houses all its activities, including workshops, production, storage, and office facilities, on approximately 4,600 m².

"The collaboration with kompasbank has enabled us to keep up with the development and follow our customers' development. We cannot afford to stand still and think that we already are world champions today. We need to keep growing," concludes Brian Bloch.

case Omnium



From hobby project to international growth success in 10 years

It all started over ten years ago as a hobby project in a basement in Nørrebro in Copenhagen. Bike messenger Jimmi Bargisen wanted to create a cargo bike that wasn't just practical because of the cargo bed but delivered a sporty, fast, and fun ride. And without knowing it, this was the beginning of something big.

The idea was ambitious, but Jimmi taught himself to use a basic CAD drawing program and started sketching up the first Omnium bike while trying to engage with a supplier in Taiwan that could produce the parts for the cargo bike.

Other bike messengers soon caught sight of the remarkable bike Jimmi had created, and demand grew explosively. Today, it is not only bike messengers but also families with children and those who have opted out of the car, who love Jimmi's bicycles, and who see the advantage and versatility of a fast and agile cargo bike in their daily lives.

Smiling Omnium cyclists abound in Copenhagen, and the bikes are sold in several international cities today. Jimmi's vision to expand the bikes to even more countries has accelerated, and we are proud to support Jimmi and Omnium with the necessary liquidity to fuel further growth.

management statement

07

The Executive Management and the Board of Directors have today reviewed and approved the annual report for 1 January - 31 December 2023 of Kompasbank A/S.

The Financial Statements have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

In our opinion, the Financial Statements give a true and fair view of the bank's assets, liabilities, equity and financial position at 31 December 2023 and of the results of the bank's operations for the financial period 1 January - 31 December 2023.

Further, in our opinion, the Management Report gives a fair review of the development in the operations and financial circumstances of the bank as well as a description of the material risk and uncertainty factors which may affect the bank.

The annual report is recommended for approval by the General Meeting.

Vedbæk, 10 April 2024

Board of Directors

Jeppe Brøndum, Chairman

Karin Cecilia Hultén

Johan Lorenzen

Christian Motzfeldt

Ian Douglas Wilson

Executive Management

Michael Hurup Andersen

Rune Nørregaard

independent auditor's report



To the shareholders of Kompasbank A/S

Our opinion

In our opinion, the Financial Statements give a true and fair view of the bank's financial position at 31 December 2023 and of the results of the bank's operations for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Board of Directors.

What we have audited

The Financial Statements of Kompasbank A/S for the financial year 1 January to 31 December 2023 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and the 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 our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the bank 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Appointment

We were first appointed auditors of Kompasbank A/S on 7 December 2021 for the financial year 2021. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of three years 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 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Loan Impairment charges</p> <p>Loans are measured at amortised cost less impairment charges.</p> <p>Loan impairment charges represent Management's best estimate of expected losses on loans at the balance sheet date. Reference is made to the detailed description of accounting policies in note 1.</p> <p>As a result of the macroeconomic development and future outlook with among other things increased interest rates and risk of economic downturn.</p> <p>As the bank mainly has new loans at 31 December 2023 and limited historical data, Management has applied a number of general assumptions and estimates in the calculations of impairment charges.</p> <p>Management has recognised an additional provision for expected losses based on an accounting estimate ('management estimate'). The consequences of the macroeconomic development and outlook for the bank's customers are to a material extent not known and as a result hereof there is an increased estimation uncertainty related to the size of the provision for expected losses on loans also related to model weaknesses in identifying significant increase in credit risk.</p> <p>We focused on loan impairment charges, as the accounting estimate is complex by nature and influenced by subjectivity and thus to a large extent associated with estimation uncertainty.</p> <p>The following areas are central to the calculation of loan impairment charges:</p> <ul style="list-style-type: none"> • Determination of credit classification • Model-based impairment charges in stage 1 and 2, including Management's determination of model variables adapted to the bank's loan portfolio. • Procedures to ensure completeness of the registration of credit-impaired loans (stage 3) or loans with significant increase in credit risk (stage 2, underperforming). • Material assumptions and estimates applied by Management in the calculations of impairment charges, including principles for the assessment of various outcomes of the customer's financial position (scenarios) and for the assessment of collateral values of e.g. company floating charges, guarantees and real estate included in the calculations of impairment. • Management's assessment of expected credit losses at the balance sheet date as a result of macro-economic development and which are not included in the model-based calculations or individually assessed impairment charges including in particular the consequences for the banks customers of the current macro-economic situation. <p>Reference is made to note 1 of the Financial statements regarding the principles for impairments of loans and receivables at amortised cost (section "Loans and impairments"); note 11 (section "Impairment charges for loans, advances and receivables") and note 20 (section "Credit Risk").</p>	<p>We reviewed and assessed the impairment charges recognised in the income statement in 2023 and the accumulated impairment charges recognised in the balance sheet at 31 December 2023.</p> <p>We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls regarding the calculation of provisions for expected losses on loans. In respect of controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatement.</p> <p>We assessed and tested the bank's calculation of impairment charges in stage 1 and 2, including assessment of Management's determination and adaptation of model variables to the bank's specific circumstances.</p> <p>Our review and assessment included the bank's methods applied for the calculation of expected credit losses as well as procedures designed, including the involvement of the credit department and Management, and internal controls established to ensure that credit impaired loans in stage 3 and stage 2, are identified and recorded on a timely basis.</p> <p>We tested a sample of credit-impaired loans in stage 3 and in stage 2, by testing the calculations of impairment charges and applied data to underlying documentation.</p> <p>We assessed and tested the principles applied by the bank for the determination of impairment scenarios and for the measurement of collateral of, for example company floating charges, guarantees and properties included in the calculations of impairment of credit-impaired loans and advances, and loans and advances that are significantly underperforming.</p> <p>We tested a sample of credit-impaired loans in stage 3 and loans in stage 2 by testing the calculations of impairment charges and applied data to underlying documentation.</p> <p>We tested a sample of other loans by making our own assessment of stage and credit classification. This included a sample of large loans, loans within segments with generally increased risks including segments particularly affected by the actual macro-economic situation.</p> <p>We reviewed and challenged Management's estimates of expected credit losses not included in the model-based calculations or individually assessed impairment charges based on our knowledge of the portfolio, industry knowledge and knowledge of current market conditions. Among other things, we had a special focus on the bank's calculation of the management estimates to cover expected credit losses as a result of the current macroeconomic situation.</p> <p>We also assessed whether the factors that may have an influence on provisions for expected losses on loans have been appropriately disclosed.</p>

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the bank 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 the 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 the 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 bank'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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank'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 bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, 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, actions taken to eliminate threats or safeguards applied.

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.

Hellerup, 10 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Business registration no 33 77 12 31

Benny Voss

State Authorised Public Accountant
mne15009

Peter Nissen

State Authorised Public Accountant
mne33260

financial statements



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Income statement and comprehensive income

DKK '000	Note	2023	2022
INCOME STATEMENT			
Interest Income	4	119,161	21,695
Negative Interest Income	5	0	591
Interest Expenses	6	49,088	7,775
Net interest income		70,073	13,329
Fee and commission income	7	1,423	566
Fee and commission expenses		20,081	1,503
Net interest and fee income	9	51,415	12,392
Value Adjustments	8	10,377	-5,465
Staff and administrative expenses	10	91,695	65,755
Depreciation, amortisation and impairment charges for intangible and tangible assets		14,306	3,872
Impairment charges for loans, advances and receivables	11	67,307	11,295
Profit before tax		-111,518	-73,996
Tax	12	0	0
Profit for the period		-111,518	-73,996
COMPREHENSIVE INCOME			
Profit for the period		-111,518	-73,996
Other comprehensive income		0	0
Comprehensive income for the period		-111,518	-73,996
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings		-111,518	-73,996
Total proposed distribution of profit		-111,518	-73,996

Balance sheet

DKK '000	Note	2023	2022
ASSETS			
Receivables from credit institutions and central banks	13	189,232	206,064
Loans, advances and other receivables at amortized cost	11, 14	1,061,514	802,370
Bonds at fair value		578,475	702,729
Intangible assets		33,219	27,683
Land and buildings			
Leased domicile property	15	4,593	7,348
Other Tangible assets	16	2,090	1,281
Other assets		1,534	2,041
Prepayments		7,949	6,911
Total Assets		1,878,605	1,756,427
LIABILITIES AND EQUITY			
Deposits and other debt	17	1,635,822	1,537,084
Other liabilities		11,330	10,511
Accruals		0	3,842
Total liabilities		1,647,152	1,551,437
Provisions			
Other provisions		523	0
Total Provisions		523	0
Equity			
Share capital	18	54,555	48,391
Share premium		437,575	306,927
Retained earnings		-261,200	-150,329
Equity		230,930	204,990
Total liabilities and equity		1,878,605	1,756,427

Statement of changes in equity

DKK '000	Share capital	Share premium	Retained earnings	Total
Equity, 1 January 2022	44,756	217,951	-77,593	185,114
Profit for the period	0	0	-73,996	-73,996
Capital Increase	3,635	88,976	0	92,611
Share-based payments	0	0	1,260	1,260
Equity, 31 December 2022	48,391	306,927	-150,329	204,989
Profit for the period	0	0	-111,518	-111,518
Capital Increase	6,164	130,648	0	136,812
Share-based payments	0	0	646	646
Equity, 31 December 2023	54,555	437,575	-261,200	230,930

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15. Land and buildings
16. Other tangible assets
17. Deposits and other debt
18. Share capital
19. Share-based payments
20. Financial risks and policies and objectives for the management of financial risks
21. Contractual obligations and contingencies
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1. Accounting policies

BASIS OF PREPARATION

The annual report of Kompasbank a/s 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 unchanged compared with the annual report for 2022.

All figures in the Financial Statements are rounded to the nearest 1,000 DKK, unless otherwise specified.

The totals stated are calculated on the basis of actual figures prior to rounding. Due to rounding-off to the nearest 1,000 DKK, the sum of individual figures and the stated totals may differ slightly.

RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is a result of past events, and from which future financial benefits are expected to flow to the bank and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the bank has a legal or constructive obligation as a result of a prior event, and it is probable that the future economic benefits will flow out of the bank, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value except intangible and tangible assets which are measured at cost.

Measurement subsequent to initial recognition is effected as described below for each financial statement item.

At recognition and measurement, anticipated risks and losses that arise before the time of presentation of the report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered.

In the income statement, income is recognised as it is earned, whereas cost is recognised by the amounts attributable to this financial period.

Purchases and sales of financial instruments are recognised on the settlement day and derecognised when the right to receive/dispense cash flows from the financial asset or liability has expired or if it has been transferred and the bank has substantially transferred all risks and returns related to ownership in all material respects.

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 future expectations, 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 recognised 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 measurement and are presented in the later section Loans and Impairments.

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 recognised in the income statement as value adjustments.

INCOME STATEMENT

Interest income and expenses, negative interest, and fees and commissions.

Interest income and expenses comprises interest due and accrued up to the balance sheet date.

For accounting purposes, fees, commissions and transaction costs relating to loans and advances measured at amortised costs are treated as interest if they form an integral part of the effective interest of a financial instrument.

Interest income and interest expenses are recognised in the income statement in the period to which they relate using the effective interest method based on the expected life of the financial instrument.

Fees and commissions comprise income and costs related to services.

Fees and commissions related to the establishment of the loans are recognised on the loans and the interest includes the amortisation of fees and commissions that form an integral part of the effective interest rate of a financial instrument.

Fees that are not an integral part of the effective interest of a financial instrument are fully recognised in the income statement at the date of transaction.

Negative interest income is recognised in "negative interest income" and negative interest expenses are recognised in "negative interest expenses".

Value adjustments

Value adjustments consist of foreign currency translation adjustments and value adjustments of assets and liabilities measured at fair value.

Staff and administrative expenses

Staff expenses comprises wages and salaries as well as social security costs, pensions etc.

Holiday pay/allowance obligations are recognised successively.

Administrative expenses comprise IT and marketing costs as well as subscriptions and legal etc.

Share-based payments are recognised in the income statement in the financial year to which the expense can be attributed and are measured at fair value at the time of allotment and offset against the equity.

Depreciation, amortisation and impairment charges for intangible and tangible assets

Depreciation comprises amortisation of leased assets, tangible and intangible assets. Depreciation is made on a straight-line basis over the expected useful lives of the asset. The expected lifetime is 3 years for intangible assets and 3-5 years for tangible assets.

Impairment charges for loans, advances and other receivables

Accounting principles for impairment charges etc. are elaborated in subsequent sections on Loans and Impairment.

Tax

Tax for the year, consisting of current tax for the year and changes to deferred tax and adjustment of tax for previous years, is recognised in the income statement.

BALANCE SHEET

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks are measured at amortised cost, which usually corresponds to nominal value. Debt is measured at amortised cost less expected credit losses.

Loans, advances and other receivables

After initial recognition, amounts due to the bank are measured at amortised cost less impairment losses, see subsequent sections on Loans and Impairment.

Bonds at fair value

Bonds are held for liquidity purposes and measured at fair value through profit and loss. The fair value is measured with the use of closing prices on the market on the balance date.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial periods.

Intangible assets

Costs relating to software development projects are recognised as intangible assets provided that there is sufficient certainty that the value in use of future earnings will cover the development costs and that other recognition criteria are met.

Capitalised development projects comprise salaries and other costs directly or indirectly attributable to the bank's development activities. Other development costs are recognised as costs in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation. Capitalised development costs are amortised on completion of the development project on a straight-line basis over the period in which it is expected to generate economic benefits. The amortisation period is 3 years.

Leased domicile property

The right of use of assets and a lease liability is recognised in the balance sheet upon commencement of



a lease. On initial recognition the right-of-use asset is measured at cost, corresponding to the value of the leased liability adjusted for prepaid lease payments, plus any initial direct cost for dismantling, removing and destroying, or similar.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the asset. Depreciation charges are recognised in the income statement on a straight-line basis.

Other tangible assets

Other tangible assets comprise of equipment and cars and are initially measured at cost and subsequently at amortised cost. Assets are depreciated according to the straight-line method over their expected useful lives, which usually is three to five years.

Other assets

Other assets comprise of assets that cannot be placed under any of the other assets posts and are initially measured at cost and subsequently measured at amortised cost.

Deposits and other debt

Deposits and other amounts due include deposits with counterparties that are not credit institutions or central banks. Deposits and other amounts due are measured at amortised cost.

Other liabilities

Other liabilities comprise leasing liabilities, employee obligations, VAT, vendor payables etc and are measured at amortised cost.

Tax

Current tax liabilities and current tax assets are recognised in the balance sheet as tax calculated on taxable income for the year adjusted for tax paid on account. The current tax for the year is calculated on the basis of the tax rates and rules prevailing on the balance sheet date.

Deferred tax is determined on the basis of the intended use of each asset or the settlement of each liability. Deferred tax is measured using the tax rates expected to apply to temporary differences upon reversal and the tax rules prevailing on the balance sheet date.

Deferred tax assets, including the tax base of any tax loss carry-forwards, are recognised in the balance sheet at the value at which they are expected to be realised, either by set-off against deferred tax liabilities or as net tax assets for set-off against tax on future positive taxable income. On each balance sheet date, it is assessed whether it is probable that a deferred tax asset can be used.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to do so.

Provisions

Provisions are recognised where, as a result of an event having occurred on or before the balance sheet date, the bank has a legal or constructive obligation which can be measured reliably, and where it is probable that economic benefits must be given

up to settle the obligation. Provisions are measured at Management's best estimate of the amount considered necessary to honour the obligation.

FINANCIAL HIGHLIGHTS

Financial highlights are disclosed as note 3.

LOANS AND IMPAIRMENTS**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 the financial assets are measured in accordance with the use of the SPPI test, and based on this are measured with the use of one of the following attributes, amortised cost, fair value through other comprehensive income, or fair value through profit and loss.

• Financial assets at amortised cost

Financial assets are classified at amortised 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 recognised at fair value, including transaction costs directly attributable to the transaction and commissions related to the provision of loans. They are subsequently measured at amortised 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 assets 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 recognised in shareholders' equity are transferred to profit or loss.

- **Financial assets at fair value through profit or loss**

All debt instruments not eligible for classification at amortised cost or at fair value through shareholders' equity are presented at fair value through profit or loss. Investments in equity instruments such as shares are also classified as instruments at fair value through profit or loss.

Impairment

Impairment charges on loans and debt instruments classified at amortised cost along with loan commitments and financial guarantee contracts that are not booked at fair value is based on a staged model under which the impairment charge on instruments which have not been subject to a significant increase in credit risk is determined at the credit loss from loss events expected to take place within the next 12 months. For Instruments with a significant increase in credit risk since initial recognition and instruments which are credit impaired, the impairment charge is the lifetime expected credit loss. The method of determining whether the credit risk has increased significantly is mainly based on the probability of default reflecting past events as well as current conditions and forecasts at the reporting date.

The method of calculating the expected credit loss in stage 1 and a part of stage 2 is primarily a model-based individual assessment based on a probability of default, a loss in case of default and exposure at the default date.

For exposures categorised as stage 1 or stage 2, the expected credit loss (ECL) is calculated as a function of the probability of default (PD) * the expected exposure at default (EAD) * the expected loss given default (LGD). Where the PD for exposures in stage 1 reflects the probability of default in the next 12-month period (PD12), the probability of default over the entire life of the exposure is applied to exposures placed in stage 2 (PD Life).

For weak stage 2 customers/facilities and stage 3 customers/facilities, the calculation of impairment allowance is made using a manual, individual assessment of the financial assets rather than a model-based calculation.

2. Capital and capital adequacy

DKK '000	2023	2022
Equity	230,930	204,990
Intangible Assets	-4,562	-16,512
Prudent valuation deduction – Bonds	-578	0
Total core capital after deductions (CET1)	225,790	188,478
Credit risk	716,145	601,305
Market risk	40	23,937
Operational risk	40,024	44,472
Total risk exposure amount	756,208	669,714
Core capital (CET1) after deductions ratio	29.86%	28.14%
Core capital (CET1) ratio	29.86%	28.14%
Total capital ratio	29.86%	28.14%

Software assets are recognised in the capital base when taking into use and with valuation in accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force 23 December 2020. Software assets included in Common Equity Tier 1 capital amounts to tDKK 28,657 at 31 December 2023, (2022: tDKK 11,171).

3. Five-year financial highlights

DKK '000	2023	2022	2021	2020	2019
Summary income statement					
Net interest and fee income	51,415	12,392	231	-47	-33
Value adjustments	10,377	-5,465	-670	21	-19
Staff and administrative expenses	91,695	65,755	33,731	13,502	19,340
Depreciation, amortization and impairment charges for intangible and tangible assets	14,306	3,872	438	142	104
Impairment charges for loans, advances and receivables	67,307	11,295	477	0	0
Profit (loss) before tax	-111,518	-73,996	-35,084	-13,721	-19,495
Tax	0	0	0	0	0
Profit (loss) for the period	-111,518	-73,996	-35,084	-13,721	-19,495
Summary balance sheet, end of period					
Loans, advances and other receivables	1,061,514	802,370	48,029	0	0
Equity	230,930	204,990	185,114	787	7,815
Total Assets	1,878,605	1,756,427	239,926	5,291	13,103
Financial ratios					
Total capital ratio	29.9%	28.1%	148.7%	-	-
Tier 1 capital ratio	29.8%	28.1%	148.7%	-	-
Return on equity before tax	-51.2%	-37.9%	-37.7%	-319.0%	-187.4%
Return on equity after tax	-51.2%	-37.9%	-37.7%	-319.0%	-187.4%
Income to cost ratio	0.4	0.1	-	-	-
Interest rate risk	2.8%	8.5%	-	-	-
Currency position	143	85,107	-	-	-
Currency risk	0.1%	45.1%	-	-	-
Loans and advances to deposits	68.8%	53.0%	93.2%	-	-
Loans and advances to equity	459.7%	391.4%	25.9%	-	-
Liquidity Coverage Ratio (LCR)	3,470.0%	11,926.0%	-	-	-
Sum of large exposures	176.4%	156.0%	15.8%	-	-
Impairment charges for the period	6.1%	1.1%	0.9%	-	-
Growth in loans and advances for the period	32.3%	1,570.5%	-	-	-
Return on assets	-5.9%	-4.2%	-14.6%	-280.1%	-148.7%

kompasbank a/s received the bank licence in March 2021, no ratios have been calculated for the prior interim periods.

4. Interest income

DKK '000	2023	2022
From credit institutions and central banks	3,060	368
From loans, advances and other receivables	99,345	19,195
From bonds	16,756	2,132
Total interest income	119,161	21,695

5. Negative interest income

DKK '000	2023	2022
From credit institutions and central banks	0	563
From bonds	0	27
Total interest income	0	591

6. Interest expenses

DKK '000	2023	2022
From deposits and other debt	48,924	7,704
Other interest expenses	164	71
Total interest expenses	49,088	7,775

7. Fee and commission income

DKK '000	2023	2022
Loan fees	404	25
Guarantee fees	315	148
Other fees and commission	704	394
Total fee and commission income	1,423	566

8. Value adjustments

DKK '000	2023	2022
Bonds at fair value	10,292	-5,235
Foreign exchange	84	-230
Total value adjustments	10,377	-5,465

9. Net interest and fee income and value adjustments on segments

The bank does not provide segment disclosures for 2023, as the foreign activities did not have a significant impact on the financial statements for 2023.

10. Staff and administrative expenses

DKK '000	2023	2022
Remuneration of Executive Management	4,581	4,107
Remuneration of Board of Directors	1,213	35
Staff expenses	60,166	37,970
Other administrative expenses	25,735	23,643
Total	91,695	65,755
Salaries	44,921	26,556
Pensions	3,957	2,454
Payroll tax	10,345	7,545
Social securities expenses	378	215
Share-based payments	565	1,199
Total staff costs	60,166	37,970

Payroll tax also includes payroll tax relating to the Executive Management.

Share-based payments are described in note 19.

Of which remuneration of members whose activities have significant influence on the bank's risk profile (material risk takers):

Base salaries	4,162	3,115
Pensions	410	315
Variable salaries	38	0
Share-based payments	220	49
Total	4,830	3,480

Average number of staff for the financial year, full time equivalent 77 58

Number of material risk takers 5 4

Individual remuneration details will be disclosed separately at kompasbank.dk/finansiel-information/

Fees to auditor appointed by the General Meeting:

PWC		
Statutory audit of the Financial Statement	1,053	481
Other assurance engagements	44	25
Tax and VAT advice	25	48
Other services	106	260
Total	1,228	815

Other services and tax and VAT advice relates to the Spanish activities.

11. Impairment charges for loans, advances and receivables

DKK '000	2023	2022
Impairment provisions for new loans and advances (additions)	44,697	11,396
Additions as a result of changes in credit risk	35,709	76
Releases as a change in credit risk	13,100	177
Total impairment provisions	67,307	11,295

DKK '000	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2023	9,910	1,165	697	11,772
Impairment provisions for new loans and advances (additions)	993	8,880	34,824	44,697
Additions as a result of changes in credit risk	5,617	4,369	25,723	35,709
Releases as a result of change in credit risk	3,355	5,041	4,704	13,100
Transfer to stage 1	0	0	0	0
Transfer to stage 2	-1,945	1,945	0	0
Transfer to stage 3	-1,295	0	1,295	0
Previously written down for impairment, now written off	0	0	-15,482	-15,482
Total impairment provisions, 31 December 2023	9,924	11,319	42,353	63,596

DKK '000	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2022	477	0	0	477
Impairment provisions for new loans and advances (additions)	9,640	1,059	697	11,396
Additions as a result of changes in credit risk	0	0	0	0
Releases as a result of change in credit risk	177	0	0	177
Transfer to stage 1	0	0	0	0
Transfer to stage 2	-30	106	0	76
Transfer to stage 3	0	0	0	0
Previously written down for impairment, now written off	0	0	0	0
Total impairment provisions, 31 December 2022	9,910	1,165	697	11,772

12. Tax

DKK '000	2023	2022
Current tax for the year	0	0
Deferred tax adjustment for the year	0	0
Total	0	0

As of 31 December 2023 the bank has unrecognised deferred tax assets in the level of mDKK 69 that can be set off against future taxable income. The effective tax rate is 0%.

13. Receivables from credit institutions and central banks

DKK '000	2023	2022
Receivables from central banks	58,363	0
Receivables from credit institutions	130,870	206,064
Total	189,232	206,064

Receivables from credit institutions and central banks by time-to-maturity

On demand	188,709	206,064
Up to 3 months	523	0
Over 3 month and up to 1 year	0	0
Over 1 year and up to 5 years	0	0
Over 5 years	0	0
Total	189,232	206,064

14. Loans, advances and other receivables at amortised cost

DKK '000	2023	2022
Loans, advances and other receivables at amortised cost	1,061,514	802,370
Total	1,061,514	802,370
Loans, advances and other receivables by time-to-maturity		
On demand	0	0
Up to 3 months	53,158	63,909
Over 3 month and up to 1 year	5,603	16,545
Over 1 year and up to 5 years	546,412	271,599
Over 5 years	456,341	450,316
Total	1,061,514	802,369
Loans, advances and other receivables by sector as %, year-end		
Public sector	0.0	0.0
Business customers		
Agriculture, hunting, forestry and fishing	0.9	1.1
Manufacturing, mining and quarrying	18.0	21.8
Energy supply	3.1	3.3
Construction	8.1	6.2
Trade	24.9	26.5
Transport, accommodation and food service activities	0.5	0.2
Information and communication	4.6	1.9
Finance and insurance	13.9	12.6
Real estate	12.2	6.5
Other	13.8	19.9
Total business customers	100.0	100.0
Personal customers	0.0	0.0
Total	100.0	100.0

15. Land and buildings

DKK '000	2023	2022
Cost at 1 January	8,267	0
Purchase during the year	0	8,267
Cost at 31 December	8,267	8,267
Depreciation at 1 January	-919	0
Depreciation charges during the year	-2,756	-919
Depreciations at 31 December	-3,674	-919
Balance, Leased Domicile Property year-end	4,593	7,348
Total Land and Buildings	4,593	7,348

16. Other tangible asset

DKK '000	Other tangible assets	Leased tangible assets	2023
Cost at 1st of January	877	614	1,491
Purchase during the year	1,343	53	1,396
Cost at 31st of December	2,220	667	2,887
Depreciation at 1st of January	-97	-112	-210
Depreciation charges during the year	-365	-223	-587
Depreciations and impairments at 31st of December	-462	-335	-797
Balance at 31st of December	1,758	332	2,090

DKK '000	Other tangible assets	Leased tangible assets	2022
Cost at 1st of January	50	0	50
Purchase during the year	827	614	1,441
Disposals during the year	0	0	0
Cost at 31st of December	877	614	1,491
Depreciation at 1st of January	-50	0	-50
Depreciation charges during the year	-48	-112	-160
Reversal of depreciations and impairment charges	0	0	0
Depreciations and impairments at 31st of December	-97	-112	-210
Total tangible assets	780	502	1,281

17. Deposits and other debt

DKK '000	2023	2022
On demand	0	0
At notice	157,563	149,620
Time deposits	1,475,244	1,387,463
Special deposits	3,015	0
Total	1,635,822	1,537,083

By time-to-maturity

On demand	0	0
Up to 3 months	310,798	173,972
Over 3 month and up to 1 year	816,547	509,487
Over 1 year and up to 5 years	508,476	850,624
Over 5 years	0.00	3,000
Total	1,635,822	1,537,083

18. Share capital

The share capital comprises 54.555.325 shares of a nominal value of DKK 1 each.

DKK '000	2023	2022
Share capital, 1st of January	48,391	44,756
Capital increases (by cash payments)	6,151	3,606
Bonus shares (from the free reserves)	13	29
Share capital, 31st of December	54,555	48,391

kompasbank does not hold own shares.

19. Share-based payments

The bank has a warrant program for the benefit of the Board of Directors, the Executive Management and certain key employees and consultants. The program allows the Board to issue up to 6,811,020 warrants to be allocated over a period until 1 December 2027. In total, 4,622,657 warrants were granted on 31 December 2023.

Warrants granted in 2023 to the Executive Management were valued at DKK 6,501. The Board of Directors were granted warrants in 2023 valued at DKK 26,718.

During 2023 costs related to the warrant program of tDKK 646 have been recognised in the income statement. Warrants are valued with a Black-Scholes model and recognised in the income statement relatively to the vesting periods.

20. Financial risks and policies and objectives for the management of financial risks

The bank is exposed to different types of risks. The purpose of the policies is to actively manage risks that may arise as a result of e.g. unpredictable development in financial markets.

The main categories of financial risks are the following:

Credit risk

The risk of loss arising from the failure of a borrower or obligor to meet its contractual obligation towards kompasbank.

Market and liquidity risk

The risk of loss on on-/off-balance sheet positions arising from adverse movements in market prices and the risk of not having sufficient liquidity to meet obligations.

The Annual Risk Report (Pillar 3 Disclosures) provides a detailed description of kompasbank's risk management practices.

CREDIT RISK

When assessing the credit exposures on loans and credit facilities, the starting point is the identification of the credit risk of the counterparty according to our general impairment model described in accounting policies (note 1).

The exposures are divided into the following rating categories:

- 3/2a Customers with undoubtedly good/normal credit quality
- 2b Customers with certain indications of weakness
- 2c Customers with significant signs of weakness, but without indications of credit impairment
- 1 Customers with indication of credit impairment, regardless of the stage of exposure

Below, the gross credit exposure on 31 December 2023 is distributed in rating categories:

DKK '000	Stage 1	Stage 2	Stage 3	Total
3/2a	195,764	8,279	0	204,044
2b	612,274	138,996	0	751,270
2c	0	56,072	0	56,072
1	0	54,283	66,610	120,893
Gross exposure, year-end	808,039	257,630	66,610	1,132,279

Below, the gross credit exposure on 31 December 2022 is distributed in rating categories:

DKK '000	Stage 1	Stage 2	Stage 3	Total
3/2a	259,092	0	0	259,092
2b	521,451	30,774	0	552,225
2c	0	3,424	0	3,424
1	0	0	6,669	6,669
Gross exposure, year-end	780,543	34,198	6,669	821,410

The definition of the three stages is described in the section Loans and Impairments in the accounting policies (note 1).

Below, the gross credit exposure on 31 December 2023 is distributed by sector:

DKK '000	Stage 1	Stage 2	Stage 3	Total
Public sector	0	0	0	0
Business customers				
Agriculture, hunting, forestry and fishing	9,362	0	0	9,362
Manufacturing, mining and quarrying	159,424	35,444	12,112	206,980
Energy supply	16,836	16,770	0	33,606
Construction	55,516	34,535	2,960	93,010
Trade	219,631	47,588	17,878	285,097
Transport, accommodation and food service activities	5,340	0	0	5,340
Information and communication	43,753	1,220	9,875	54,848
Finance and insurance	125,976	16,231	15,822	158,029
Real estate	100,771	30,695	0	131,466
Other	71,430	75,147	7,963	154,540
Total business customers	808,039	257,630	66,610	1,132,279
Personal customers	0	0	0	0
Gross exposure, year-end	808,039	257,630	66,610	1,132,279

Below, the gross credit exposure on 31 December 2022 is distributed by sector:

DKK '000	Stage 1	Stage 2	Stage 3	Total
Public sector	0	0	0	0
Business customers				
Agriculture, hunting, forestry and fishing	9,034	0	0	9,034
Manufacturing, mining and quarrying	178,716	0	0	178,716
Energy supply	27,169	0	0	27,169
Construction	50,958	0	0	50,958
Trade	186,370	24,864	6,669	217,903
Transport, accommodation and food service activities	1,667	0	0	1,667
Information and communication	15,652	0	0	15,652
Finance and insurance	103,735	0	0	103,735
Real estate	53,523	0	0	53,523
Other	153,709	9,334	0	163,043
Total business customers	780,533	34,198	6,669	821,400
Personal customers	0	0	0	0
Gross exposure, year-end	780,533	34,198	6,669	821,400

Collateral security is mainly obtained in the form of floating charges and/or charges over tangible assets such as real estate and equipment, but also company pledge and guarantees are included.

At end-2023 collateral security included:

DKK '000	2023	2022
Immovable property	171,661	90,378
Government guarantees	101,666	140,556
Cash deposits	6,000	0
Total	279,327	230,934

LIQUIDITY & MARKET RISK

The bank obtains its funding liquidity from savings products through fixed-term time deposits and notice deposits offered in DKK and EUR. Deposits are offered with attractive deposit rates and penalties are imposed to discourage customers from making early withdrawals of deposits. Market risks are comprised of interest rate risks and currency risks. Interest rate risk arises from the bank's bond portfolio and fixed-rate loans. The bank does not currently apply derivatives or other financial instruments to hedge interest rate risks or currency risks explicitly.

The bank has a low appetite for liquidity and market risks and only allows for financial market investments for the purpose of liquidity risk management. The liquidity reserve is placed in highly liquid assets and solely in government and mortgage bonds, where observable prices are available for valuation (fair value hierarchy level 1).

21. Contractual obligations and contingencies

The 31 December 2023 granted loans amounted to tDKK 0 (2022: tDKK 128,230).

Guarantee and resolution schemes

kompasbank a/s participates in the mandatory Danish deposit guarantee scheme and the Danish Resolution Fund, which are administered by Finansiell Stabilitet.

The purpose of the Danish Guarantee Fund is to provide cover for depositors and investors of failing institutions included in the Fund's scheme. The scheme includes both natural and legal persons, and deposits are covered by an amount equivalent to EUR 100,000 per depositor and EUR 20,000 per investor.

The Danish Resolution Fund (a finance scheme) is funded by annual contributions from participating banks, mortgage lenders and investment companies, and the assets of the scheme must make up 1% of the sector's covered deposits. Participating institutions make annual contributions to cover any losses incurred by the Danish Resolution Fund in connection with the resolution of failing institutions.

The bank has paid the obligation to the Danish Guarantee Fund in June 2023.

Contractual obligations to vendors

The bank has contractual obligations to IT vendors. The obligations amount to a total of tDKK 13,094 as of end-December 2023.

22. Related parties

Related parties include members of the Executive Management and members of the Executive Board. All transactions with related parties are carried out on market terms and the facilities of related parties were granted on standard business terms. Transactions with the Executive Board in 2023 only relate a deposit balance of tDKK 210 with interest received tDKK 8.

23. Shareholder relations

kompasbank a/s has registered the following shareholders with more than 5% of the share capital's voting rights or face value:

- Norby Group ApS, Aarhus C
- Equilibria ApS, København K
- Wandt Invest ApS, Hørsholm
- Oryza Capital SL, Valencia, Spain

directorships and executive positions

EXECUTIVE BOARD		
Part	Role	Related company
Jeppe Brøndum	Chairman of the Board	CEO and owner: Capital 19 Holding ApS, CVR: 39241196 Board member: Axel Brøndum Boliger ApS, CVR: 33613717 Axel Brøndum Boliger K/S, CVR: 33613415
Karin Cecilia Hultén	Board member	CEO and owner: Bildbar ApS, CVR: 38986694 Non-executive director: Temenos AG Owner and board member: CBio A/S, CVR: 40216642 Board member: CIP Global Executive Search AB, 556605-7120 Owner: CHEMA - TAKL ApS, CVR: 38999486
Ian Douglas Wilson	Board member	Non-executive director (NED): Revolut Ltd Revolut Newco UK Ltd Revolut Group Holdings Ltd Chair of the Scottish Building Society Owner: East Pier Advisory Ltd
Johan Lorenzen	Board member	CEO and owner: Enduro Invest ApS, CVR: 38988336 Upfin General Partner I ApS, CVR: 42962341 Upfin Management Holding ApS, CVR: 42889598 Owner: Johan Lorenzen, CVR: 27210309 CEO: Upfin Fund I K/S, CVR: 42996289
Christian Motzfeldt	Board member	Board member: Heartcore Capital A/S, CVR: 33858663 (chairman) Better Energy Holding A/S, CVR: 31865883 (chairman) EBBEFOS Holding A/S, CVR: 42895458 (chairman) Ebbefos Energy Holding A/S (chairman) Area9 Lyceum ApS, CVR: 39079976 CEO and owner: Motzfeldt Invest Holding ApS, CVR: 40810587
EXECUTIVE MANAGEMENT		
Part	Role	Related company
Michael Hurup Andersen	Founder & Executive director	CEO and owner: Holdingselskabet af 17.7.2017 ApS, CVR: 38801945
Rune Nørregaard	Executive director & COO	

company information



Name	kompasbank a/s
Address	Frydenlundsvej 30 2950 Vedbæk Denmark
CVR-no	38 80 36 11
Financial period	1 January - 31 December
Homepage	www.kompasbank.dk
Board of Directors	Jeppe Brøndum, Chairman Charlottenlund Karin Cecilia Hultén Charlottenlund Christian Motzfeldt København Johan Lorenzen Frederiksberg Ian Douglas Wilson Edinburgh
Executive Management	Michael Hurup Andersen, Founder & Executive director Vedbæk Rune Nørregaard, Executive director & COO Thorshavn
Auditors	PricewaterhouseCoopers Statsautoriseret revisionspartnerselskab Hellerup



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