kompasbank

Solvency assessment by 30 June 2022

ASSESSMENT METHOD

The bank bases the internal capital adequacy assessment on guidelines issued by the Danish FSA in December 2021[1].

The assessment of capital requirements applies an 8+ methodology as suggested by the Danish FSA. This method implies that the minimum capital requirement of 8% of the total risk exposure amount is applied as a starting point under Pillar I, with Pillar II capital add-ons for risks and conditions that are not fully reflected in the calculation of the total risk exposure.

The assessment of the capital requirement thereby assumes that ordinary risks to the bank are covered by the 8% requirement, while the additional capital requirements under Pillar II reflect the result of an assessment of extraordinary risks facing the bank which are not covered by the 8% under Pillar I.

CAPITAL ASSESSMENT

The bank's own funds requirement has been determined to be DKK 71,848 thousand by the end of June 2022. With a total risk exposure amount of DKK 316,588 thousand, the own funds requirement ratio is 22.7%.

Specification of own funds requirement:

	DKK '000	%
Credit risk	22,085	7.0
Market risk	9,590	3.0
Liquidity risk	4,540	1.4
Operational risk	10,104	3.2
Other risks	25,529	8.1
Total	71,848	22.7

CAPITAL COVERAGE

By the end of June 2022, the bank's total capital was DKK 141,931 thousand and the capital ratio was 44.8%. This provides a capital buffer of DKK 70,083 thousand, which is considered sufficient to support the further development of the bank.

The Danish FSA has set the minimum requirement for own funds and eligible liabilities (MREL) to the bank's required own funds and 3% of the bank's total risk measure by December 2021. The MREL requirement is 41.9% by June 2022.

Specification of capital coverage:

	DKK '000
Capital	141,931
Own funds requirement	71,848
Combined buffer requirement	60,802
Total requirement	132,650
Coverage	9,281

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[1] 'Vejledning om tilstrækkeligt kapitalgrundlag og solvensbehov for kreditinstitutter' (VEJ nr 10069 af 16/12/2021).