kompasbank

interim report

H1 2024

interim report H1 2023

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interim report

01.01.2024 - 30.06.2024

kompasbank a/s
Frydenlundsvej 30
2950 Vedbæk

CVR-nr. 38 80 36 11

who is kompasbank?

We offer a new bank that is built on the latest technology and actively use data to provide better advice, tailored financing solutions, and new services that can propel SMEs forward on their journey.

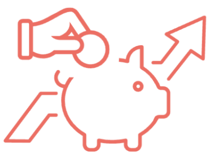
"We often find that SMEs have to drop specific growth initiatives or are forced to lower their ambitions because they do not have sufficient and fast access to financing. It is not only bad for companies' competitiveness – but also for the economy and job creation – because it costs money when good and sound investment cases are put on standby".
Michael Hurup Andersen, Founder & CEO

> We often find that SMEs have to drop specific growth initiatives or are forced to lower their ambitions because they do not have sufficient and fast enough access to financing

A robust SME sector can help reduce dependence on large corporations and specific industries and SMEs are often operating within local communities and contribute to local economic development. They can play a crucial role in regional economic stability and growth.

We offer private individuals an attractive interest rate on their savings and the chance to contribute to economic growth. Their deposits are used to finance the growth of small and medium-sized companies, enabling them to create jobs and opportunities in our society.

Targeted SMEs
We are here to serve small and medium-sized enterprises. We offer financing solutions, personal advice, quick processing times, and access to an overview of relevant digital solutions through our digital B2B marketplace, kompasbank navigator.



Attractive savings rates
When you save with us, you contribute to driving growth in Denmark. Deposits from private individuals enable us to offer ambitious small and medium-sized companies easier access to financing and attractive business loans.

management report

Since December 2022 we have successfully raised mDKK 229 in new capital under generally challenging market conditions, which cemented our investors' strong belief in our business and development. The new capital enabled the bank to continue its growth and product development.

Net interest and fee income increased by 36% to mDKK 30.3 for H1 2024 compared to mDKK 22.3 in H1 2023. At the same time, total staff and administration expenses declined 11% compared to the same period in 2023 due to disciplined cost management throughout the organisation.

Profit after tax for the first six months of 2024 shows a loss of mDKK 24.7, compared to mDKK 61.2 in H1 2023 which is an improvement of 60%. The result is in line with the guidance given in our Annual Report 2023. At the end of June 2024 the capital ratio was 24.7% compared to 29.9% at the end of 2023, and the excess capital ratio was 2.6% corresponding to mDKK 20.

Strategic initiatives have been progressing well in H1 with the introduction of new products, enhanced customer experience, and preparations to resume lending in Spain. In June, we signed an agreement with the European Investment Fund (EIF) enabling us to provide new loans to Danish SMEs of at least mEUR 175, backed by EIF guarantees. Another key priority in H1 was upgrading and maturing policies, procedures and processes to address the points identified by the Danish FSA's two on-site inspections in H2 2023. Danish FSA has in July 2024 formally confirmed that all FSA injunctions have been addressed satisfactorily.

Management regards the development in H1 as satisfactory in light of the available regulatory capital. Our focus on core values, strategic growth initiatives, and an enhanced customer experience has meant that today, we stand on a broader and more solid foundation, prepared for significant expansion going forward, in conjunction with raising new additional capital.

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Financial Performance

Profit after tax for the first half of 2024 shows a loss of mDKK 24.7, which constitutes an improvement of 60% compared to the loss of mDKK 61.2 in H1 2023. Total comprehensive income a loss improved to mDKK -28.1 compared to mDKK -59.7 in H1 2023. The result for H1 2024 is in line with expectations.

Loan impairments were mDKK 6.4 in H1 2024, which constitutes an improvement of 80% compared to the same period in 2023 where loan impairments amounted to mDKK 31.5. Whilst we are comfortable with the quality of our loan book, we note a continued improvement of the average credit score (credit quality). New loans in H1 2024 had a credit score which was 26% better than the average credit score of the loan book as of the end of 2023.

We note that our customer demand for new loans exceeds our capital capacity. However, lending has shown an acceptable growth during the first half year given the Bank's available surplus capital. We started the year with mDKK 1,062 in SME loans, and at the end of June 2024 we managed mDKK 1,183 in loan balance (11.4% YTD growth).

However, lending has shown an acceptable growth during the first half year given the Bank's available surplus capital.

Our core customer segment of SMEs is critical to economic growth and innovation. They contribute significantly to GDP, create a substantial proportion of new jobs, and are often more nimble in adapting to new technologies and market changes. Enhanced access to credit supports local communities as well as enhancing a broad based macro environment, and we are driven by our mission to help SMEs reach their full potential.

Deposits have shown a growth of 2.6% during the first half year of 2024, and amounted to mDKK 1,679 per the end of H1 2024. The deposit client base is stable, which is illustrated by a high retention rate for maturing deposits. Per the end of H1 the liquidity position is strong with a deposit/loan ratio of 141%, providing strong support for a continued growth of lending activities.

Per the end of H1 2024, the total balance sheet amounts to mDKK 1,893, broadly unchanged compared to the end of 2023.

Strategy execution in H1 2024

During H1 2024, we have been advancing well with our strategic business development priorities.

Our **transaction banking** business area is on track and progressing according to plan. We have continued to develop new online services for corporates and entered a strategic partnership to enhance our offerings.

We have launched several new products within our transaction banking services, starting with overdraft facilities and current accounts for corporates. Initially, these products were exclusively available to the Bank's existing customers, and we are excited to open them up to all customers in the second half of the year.

We are equally excited to have opened for foreign exchange services and conversions to our SME customers through a top-tier platform for managing international payments, currency conversions and foreign exchange risk. These new offerings are significant milestones and a valuable addition to our transaction banking services. And we have only just begun.

To support SME lending in Denmark, we have signed an agreement with **the European Investment Fund (EIF)** to provide over mEUR 175 in new loans with guarantees from EIF. This will allow us to improve lending conditions, such as reduced interest rates and longer maturities while supporting projects aimed at enhancing competitiveness, skills development, sustainability and climate mitigation.

Our efforts to grow our **B2B digital marketplace**, "Navigator", have continued, and it now has over 80 partners. The nine areas covered by our partners in the marketplace are administration, sustainability, accounting & bookkeeping, HR & people management, legal, marketing, finance, risk management, and sales & webshops. The marketplace provides an easy overview of digital services that remove friction in the customers' day-to-day lives, save money, and release much time spent on administrative responsibilities.

Our efforts to grow our B2B digital marketplace, "Navigator", have continued, and it now has over 80 partners.

Finally, preparations for restarting lending in **Spain** were completed, and the first loans to the Spanish market were disbursed in late June. The Spanish loan book was temporarily paused in Q2 2023 while remediation of deficiencies in the operational setup, identified by the Danish FSA, was ongoing.

Looking Forward

Strategic Priorities for the Second Half of the Year

The second half of the year promises to be just as exciting. We will focus on fully rolling out transaction banking products and launching our new online platform for all our SME customers. Additionally, we will continue to strengthen our presence in the Danish and Spanish markets by growing our SME loan portfolio while maintaining a stable funding base with our loyal deposit customers.

As part of our initiatives in the Transaction Banking roadmap, we aim to build a cohesive SME product and service experience that goes beyond traditional banking products. This means rolling out our exclusive offerings to a broader public segment in the short term.

Financial Outlook

The guidance given in the annual report 2023 was a full year result after tax in the range mDKK 30-50. We still expect to be in line with the guidance given, albeit closer to mDKK 50. We remain vigilant as external factors may impact the result. We expect to continue the year with moderate overall growth and building our lending book is a cornerstone in the future growth strategy.

We expect to continue the year with moderate overall growth and building our lending book is a cornerstone in the future growth strategy.

Global economic growth projections for 2024 are moderate. Steady growth can provide a stable environment for SMEs as businesses invest and consumers maintain spending. However, unexpected events such as significant spikes in inflation or interest rates, macro economic downturn or supply chain constraints could quickly shift sentiment.

Securing additional capital is not only a strategic move to support our expansion plans but also a vital step to ensure our long-term sustainability and market competitiveness. It also enables us to expand, innovate, and stay competitive in an ever-evolving market landscape.

risk exposures, capital and liquidity

Risk exposures

The total capital requirement – being the sum of the Individual Solvency need determined by Management's Internal Capital Adequacy Assessment Process (ICAAP), the regulatory required capital conservation, and the countercyclical buffers – amounted to mDKK 160.1 per end of H1 2024.

During H1 2024, the total loan disbursement amounted to mDKK 348 with an average credit score better than the average loan book credit score per end of 2023, reflecting that the credit quality of the loan book has improved during H1.

Loan impairments in H1 2024 amounted to mDKK 6.4 compared to mDKK 31.5 in H1 2023, which constitutes an improvement of 80%. At the end of June 2024, a total amount of mDKK 42.2 was reserved for expected credit losses. This amount includes mDKK 13 of model based impairments.

The bond portfolio had a market value of mDKK 586 per the end of H1 2024. The portfolio included primarily short term Danish government bonds, with approximately 20% being short term AAA rated Danish Mortgage bonds. The total interest rate sensitivity (1%-parallel shift) was mDKK 6 for the Banking Book exposures including also term deposits with maturities up to 3 years.

The Bank had no equity exposures and no mention-worthy FX exposures per the end of H1 2024.

Capital

The capital base being Common Equity Tier 1 (CET1) capital ended at mDKK 194.1 per end of H1 2024 after adjustment for the H1 2024 comprehensive income of mDKK -28.1. The CET1 capital ratio was 24.7% per end of H1 2024, compared to 29.9% per end of 2023.

The Risk Exposure Amount was mDKK 785, with 95% of the amount related to credit risk. The total capital requirement being the sum of the Individual Solvency need determined by Management's Internal Capital Adequacy Assessment Process (ICAAP) and the regulatory required capital conservation and countercyclical buffers was mDKK 160.1 in total per end of H1 2024. Consequently, the excess capital was mDKK 34.
For the time being, the excess capital is partly used to cover the MREL requirement, which amounted to mDKK 13.7.

The Leverage Ratio was 10.2% compared to a regulatory minimum requirement of 4.5%.

The Bank will raise additional capital during H2 2024 and onwards to support a continued growth of the Bank's lending activities to SMEs.

Liquidity

The Bank had a strong liquidity position including a liquidity buffer of mDKK 586, corresponding to 31% of the balance sheet per end of H1 2024.

The short term liquidity measure Liquidity Coverage Ratio (LCR) was 1,926% and the long term/structural liquidity risk measure Net Stable Funding Ratio (NSFR) was 159% per end of H1 2024, compared to a regulatory minimum requirement of 100% for both regulatory metrics.

Supervisory Diamond

The Danish FSA has defined four risk indicators with guiding thresholds for Danish banks (the Supervisory Diamond).

Indicator	Limit	H1 2024
Sum of large exposures	< 175%	177%
Property exposure	< 25%	10%
Lending growth	< 20%	2,3%
Liquidity indicator	> 100%	682%

The Bank slightly exceeds the threshold for large exposures due to a declining capital base.

Events since the balance sheet date

No events have occurred in the period up to the presentation of the interim report 2024/H1, which materially affect the bank's financial position.

management statement

The Executive Management and the Board of Directors have today reviewed and approved the interim report for 1 January – 30 June 2024 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 30 June 2024 and of the results of the bank's operations for the financial period 1 January - 30 June 2024.

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 interim report has not been subject to audit or review.

Vedbæk, 5 September 2024

Board of Directors	**Executive Management**
Jeppe Brøndum, chairman	Michael Hurup Andersen
Karin Cecilia Hultén	Rune Nørregaard
Johan Lorenzen	
Christian Motzfeldt	
Ian Douglas Wilson	

financial statements

Income statement and comprehensive income

DKK '000	Note	H1 2024	H1 2023
INCOME STATEMENT			
Interest Income		56,579	60,653
Negative Interest Income		0	14
Interest Expenses		26,229	24,030
Net interest income		**30,350**	**36,609**
Fee and commission income		986	774
Fee and commission expenses		1,063	15,102
Net interest and fee income		**30,273**	**22,281**
Value Adjustments	4	-202	279
Staff and administrative expenses		41,471	46,413
Depreciation, amortisation and impairment charges for intangible and tangible assets		6,951	5,807
Impairment charges for loans, advances and receivables	5	6,389	31,528
Profit before tax		**-24,741**	**-61,188**
Tax	6	0	0
Profit for the period		**-24,741**	**-61,188**
STATEMENT OF COMPREHENSIVE INCOME			
Profit/Loss for the period		-24,741	-61,188
Other comprehensive income		-3,314	1,491
Comprehensive income for the period		**-28,055**	**-59,696**

Balance sheet

DKK ’000	Note	H1 2024	2023	H1 2023
ASSETS				
Receivables from credit institutions and central banks		75,779	189,232	141,178
Loans, advances and other receivables at amortized cost	7	1,182,523	1,061,514	1,147,482
Bonds at fair value		586,034	578,475	1,116,909
Intangible assets		35,340	33,219	31,518
Land and buildings				
Leased domicile property		3,215	4,593	5,970
Other Tangible assets		1,851	2,090	1,729
Other assets		2,222	1,534	6,671
Prepayments		6,420	7,949	6,602
Total Assets		1,893,383	1,878,605	2,458,059
LIABILITIES AND EQUITY				
Deposits and other debt		1,678,878	1,635,822	2,236,268
Other liabilities		10,379	11,330	10,067
Accruals		0	0	3,178
Total liabilities		1,689,257	1,647,152	2,249,513
Provisions				
Other provisions		47	523	0
Total Provisions		47	523	0
Share capital		54,613	54,555	50,700
Share premium		438,498	437,575	367,485
Retained earnings		-289,032	-261,200	-209,639
Equity		204,079	230,930	208,546
Total liabilities and equity		1,893,383	1,878,605	2,458,059
Contractual obligations and contingencies.	8			

Statement of changes in equity

DKK '000	Share capital	Share premium	Retained earnings	Total
Equity, 1 January 2023	44,756	306,927	-150,329	201,354
Profit/loss for the period	0	0	-121,810	-121,810
Capital Increase	9,799	130,648	0	140,447
Share-based payments	0	0	646	646
Value adjustments Bonds at fair value	0	0	10,292	10,292
Equity, 31 December 2023	54,555	437,575	-271,492	230,930
Profit for the period	0	0	-24,741	-24,741
Capital Increase	57	923	0	981
Share-based payments	0	0	223	223
Value adjustments Bonds at fair value			-3,314	-3,314
Equity, 30 June 2024	54,613	438,498	-299,324	204,079

notes

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").

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.

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 estimated useful life of the remaining was in 2024 changed from 3 to 3-5 years, which improved the result in H1 2024 by TDKK 2,402 . The company's assets are correspondingly higher than if the previous estimate had remained unchanged.

The item comprises amortisation of intangible assets. The basis of amortisation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

IT intangible asset: 3-5 years

Equipment, furniture and Hardware 3-5 years.

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.

The performance of the bond portfolio is reported on a fair value basis under IFRS 9, measured at fair value through other comprehensive income.

The presentation of unrealized value adjustments on bonds has previously not been correct. Comparative figures for 2023 are consequential corrected, where DKK 1,491 has been reclassified from the income statement and into Other comprehensive income. The effect on the equity amounts to DKK 0.

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.

The estimated useful life of the remaining was in 2024 changed from 3 to 3-5 years, which improved the result in H1 2024 by TDKK 2,402 . The company's assets are correspondingly higher than if the previous estimate had remained unchanged.

The item comprises amortisation of intangible assets. The basis of amortisation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

IT intangible asset: 3-5 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 development in credit risk expressed as a change in credit risk score level and/or due to arrears of more than 30 days with a not insignificant amount. The Bank's credit risk score levels are aligned with the credit classification methodology applied by the Danish FSA.

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.

Hence, when calculating the impairment to be applied to each financial assets with a credit risk the bank does not currently group any of its financial assets.

Write-offs

It is the bank's policy to write-off claims deemed to be lost. The following principles apply for writing off bad debts:

- For private individuals, e.g. personal guarantors and similar, write-off is made prior to or immediately in connection with the exposure being transferred to external debt collection
- For corporate customers, write-off will await the commencement or completion of realisation of collateral and/or the outcome external debt collection or the ending of the bankruptcy or similar estate

If the bank has received documentation or otherwise has firm grounds to believe that the claim is lost prior to the above points on time, the claim will be written off at that earlier point in time.

2. Capital and capital adequacy

DKK '000	H1 2024	2023	H1 2023
Equity	204,079	230,930	208,547
Intangible Assets	-9,392	-4,562	0
Prudent valuation deduction – Bonds	-586	-578	0
Common Equity Tier 1 Capital (CET1)	194,101	225,790	208,547
Credit risk	745,414	716,145	823,633
Market risk	35	40	71
Operational risk	40,024	40,024	44,472
Total risk exposure amount	785,472	756,208	868,176
CET1 capital ratio	24.7%	29.9%	24.0%
Tier 1 capital ratio	24.7%	29.9%	24.0%
Total capital ratio	24.7%	29.9%	24.0%

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 amounted to tDKK 25,947 at 30 June 2024, (2023: tDKK 28,657).

3. Five-year financial highlights

DKK '000	H1 2024	H1 2023	H1 2022	H1 2021	H1 2020
Summary income statement					
Net interest and fee income	30,273	22,281	3,881	-177	-5
Value adjustments	-202	279	-27	4	0
Staff and administrative expenses	41,471	46,413	30,728	11,761	7,517
Depreciation, amortization and impairment charges for intangible and tangible assets	6,951	5,807	1,079	0	69
Impairment charges for loans, advances and receivables	6,389	31,528	3,874	0	0
Profit (loss) before tax	-24,741	-61,188	-31,826	-11,934	-7,591
Tax	0	0	0	0	0
Profit (loss) for the period	**-24,741**	**-61,188**	**-31,826**	**-11,934**	**-7,591**
Statement of comprehensive income					
Profit (loss) for the period	-24,741	-61,188	-31,826	-11,934	-7,591
Other comprehensive income	-3,314	1,491	-431	-116	0
Comprehensive income for the period	-28,055	-59,696	-32,257	-12,050	-7,591
Summary balance sheet, end of period					
Loans, advances and other receivables	1,182,523	1,147,482	449,318	0	0
Equity	204,079	208,547	153,586	129,845	3,233
Total Assets	1,893,383	2,458,062	660,954	134,629	8,081
Financial ratios					
Total capital ratio	26.0%	24.0%	48.5%	286.1%	0.0%
Tier 1 capital ratio	26.0%	24.0%	48.5%	286.1%	0.0%
Return on equity before tax	-12.9%	-28.9%	-19.0%	-18.4%	-234.8%
Return on equity after tax	-12.9%	-28.9%	-19.0%	-18.4%	-234.8%
Income to cost ratio	0.5	0.3	0.1	-	-
Interest rate risk	3.0%	2.6%	1.4%	0.0%	0.0%
Currency position	122.6	252.6	0.0	0.0	0.0
Currency risk	0.0%	0.1%	0.0%	0.0%	0.0%
Loans and advances to deposits	70.4%	51.3%	90.0%	0.0%	0.0%
Loans and advances to equity	579.4%	550.2%	292.6%	0.0%	0.0%
Liquidity Coverage Ratio (LCR)	1926.0%	479.0%	7378.0%	0.0%	0.0%
Sum of large exposures	177.1%	164.0%	163.0%	0.0%	0.0%
Impairment charges for the period	4.4%	2.7%	0.8%	0.0%	0.0%
Growth in loans and advances for the period	11.4%	43.0%	839.9%	0.0%	0.0%
Return on assets	-1.5%	-2.4%	-4.9%	-9.0%	0.0%

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

4. Value adjustments

DKK '000	H1 2024	2023
Foreign exchange	-202	279
Total value adjustments	**-202**	**279**

5. Impairment charges for loans, advances and receivables

DKK '000	H1 2024	2023
Impairment provisions for new loans and advances (additions)	28,699	44,697
Additions as a result of changes in credit risk	8,148	35,709
Releases as a change in credit risk	31,475	13,100
Total impairment provisions	**5,371**	**67,307**

DKK '000	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2024	9,924	11,319	42,353	63,596
Impairment provisions for new loans and advances (additions)	1,579	410	26,710	28,699
Additions as a result of changes in credit risk	178	1,482	6,488	8,148
Releases as a result of change in credit risk	3,203	2,995	25,277	31,475
Transfer to stage 1	903	-903	0	0
Transfer to stage 2	-568	568	0	0
Transfer to stage 3	0	-2,377	2,377	0
Previously written down for impairment, now written off	0	0	-26,787	-26,787
Total impairment provisions, 30 June 2024	**8,814**	**7,502**	**25,864**	**42,180**

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**

6. Tax

DKK '000	H1 2024	2023
Current tax for the year	0	0
Deferred tax adjustment for the year	0	0
Total	0	0

As of 30 June 2024 the bank has unrecognised deferred tax assets in the level of mDKK 58 that can be set off against future taxable income. The effective tax rate is 0%.

7. Loans, advances and other receivables at amortised cost

DKK '000	2024	2023	H1 2023
Loans, advances and other receivables at amortised cost	1,182,523	1,061,514	1,147,482
Total	1,182,523	1,061,514	1,147,482
Loans, advances and other receivables by time-to-maturity			
On demand	0	0	0
Up to 3 months	3,138	53,158	42,017
Over 3 month and up to 1 year	57,338	5,603	180,092
Over 1 year and up to 5 years	601,938	546,412	307,945
Over 5 years	520,108	456,341	617,429
Total	1,182,523	1,061,514	1,147,482
Loans, advances and other receivables by sector as %, year-end			
Public sector	0	0	0
Business customers			
Agriculture, hunting, forestry and fishing	0.7	0.9	1.3
Manufacturing, mining and quarrying	18.9	18.0	19.4
Energy supply	2.5	3.1	3.8
Construction	6.9	8.1	10.6
Trade	24.7	24.9	22.1
Transport, accommodation and food service activities	0.2	0.5	1.3
Information and communication	4.6	4.6	5.6
Finance and insurance	13.1	13.9	11.1
Real estate	9.7	12.2	10.7
Other	18.7	13.8	14.1
Total business customers	100	100	100
Personal customers	0	0	0
Total	100	100	100

8. Contractual obligations and contingencies

On 30 June 2024 granted loans amounted to tDKK 0 (2023: tDKK 0) and the undrawn amount on approved overdrafts facilities amounted to tDKK 7,184 (2023: tDKK 0).

Guarantee and resolution schemes

kompasbank a/s participates in the mandatory Danish deposit guarantee scheme and the Danish Resolution Fund, which are administered by Finansiel 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 2024.

The bank's part of the mandatory Guarantee to the Danish Guarantee Fund amounts to tDKK 7,244

Contractual obligations to vendors

The bank has contractual obligations to primarily IT vendors. The obligations amount to a total of tDKK 12,383 as of end-June 2024.

9. 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 2024 only relate a deposit balance of tDKK 200 with interest received tDKK 10.

10. 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

Management commentary, (continued)

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	Non-executive director & vice-chair: Temenos AG Owner and board member: CBio A/S, CVR: 40216642 Board member: CIP Global Executive Search AB, 556605-7120 CEO and owner: Bildbar ApS, CVR: 38986694 Owner: CEHEMA – 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 Karin Cecilia Hultén Christian Motzfeldt Johan Lorenzen Ian Douglas Wilson
Executive Management	Michael Hurup Andersen, Founder & Executive director Rune Nørregaard, Executive director & COO
Auditors	PricewaterhouseCoopers Statsautoriseret revisionspartnerselskab