

kompasbank a/s

Frydenlundsvej 30, 2950 Vedbæk

CVR-nr. 38 80 36 11

H1 Interim report 2021

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Management Report

A foundation event

For Kompasbank A/S there was a little less uncertainty during H1 of 2021 when Fintech Solutions ApS changed its name to Kompasbank A/S, as we received our full banking license in March. The bank is fully committed to supporting the SME (small- and midsize enterprises) with financing, and we seek an active role in...

...helping the SMEs reach their full potential.

A new path

Being a native cloud-based company we have chosen an operating model significantly different from our peers in- and outside Scandinavia. We believe the best way to conduct long-term risk management is to decrease our dependence on large single parties and events. We believe the best way to conduct long-term business growth is to build products and services fully centered around the customers. We also believe that there is a place for us to combine traditional banking with cloud technology and automation that cuts cost, improves efficiency and increases speed.

Starting up

Since the banking license was received we have - to our great delight - onboarded test customers on both deposits and lending products. We have welcomed several very talented people to our team in the last months, and we are both ready and excited to continue to grow our business capabilities and robustness with highly skilled individuals who have the entrepreneurial mindset to set sail with us over the coming years.

Result

The result for the first half of 2021 shows a loss before tax of DKK 14,901 thousand. The loss for the first half year of 2020 was DKK 7,591 thousand. The financial result was as expected.

Balance sheet

The balance sheet stood at DKK 131,777 thousand at end-June 2021 (DKK 5,291 thousand at end-2020). The bank has no loans on the balance sheet at end-June 2021 and the deposit balance was DKK 300 thousand. The bank's excess liquidity is placed in covered bonds and on demand in other financial institutions.

Capital and Risk

At end-June 2021 the bank's capital base was DKK 126,994 thousand, which consists of tier 1 capital. The risk-weighted exposure was DKK 45,386 thousand and the capital ratio was 279.8%. The bank's capital was increased with DKK 141,341 thousand in the first quarter of the year as part of the process of obtaining the banking license in March.

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. Kompasbank's required own funds has been determined to be DKK 41,143 thousand at end-June 2021 and with a total capital of DKK 126,994 thousand, the excess capital is DKK 85,851 thousand, which is considered sufficient to support further development of the bank.

Liquidity

With no banking activities as of June 30 and therefore no contractual outflow within the following 30 days the LCR ratio is undefined. The NSFR ratio was 441.6% and thus compliant with the law requirement of 100%.

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 June 30 are as follows:

| Indicator | Limit | kompasbank |
|------------------------|--------------|-------------------|
| Sum of large exposures | < 175% | 0% |
| Property exposure | < 25% | 0% |
| Lending growth | < 20% | n.a. |
| Liquidity indicator | > 100% | n.a. |

Changes in accounting policies

The Bank has changed its overall accounting policy from being prepared in accordance with the Financial Statement Act to being prepared in accordance with the Danish Financial Business Act for the 2021 interim financial statement. Accounting policies are described in note 1.

Risks and uncertainties

Given the nature of activities the bank undertakes and the proportionality of the size of the bank, the key risks are operational risk, credit risk, liquidity risk, interest rate risk and conduct & compliance risk.

The main uncertainties, taking the very early phase in the lifecycle of the bank into account, are the predictability of capital requirements, employee growth and business risks.

Events since the balance sheet date

In August 2021 kompasbank publicly opened for deposits from retail customers. Further, the bank has begun building a loan book, and we expect this activity to continue for the remainder of the year.

No further events have occurred in the period up to the presentation of the H1/2021 Interim Report, which materially affect kompasbank's financial position.

Outlook

It is expected that the bank's financial position will continue to improve with the growth of the loan book and through cost containment initiatives, however the bank naturally expects a loss for the year.

Any adverse change in the overall financial and economic conditions could affect the bank's ability to grow with the expected speed. The bank is well positioned to take advantage of the surplus liquidity in the market, and will continuously be alert to business- and capital opportunities which could help sustain a healthy growth margin even during difficult circumstances.

Management Statement

The Executive Management and the Board of Directors have today reviewed and approved the Interim Report for 1 January – 30 June 2021 of kompasbank a/s .

The Interim 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 Interim Financial Statements give a true and fair view of the bank's assets, liabilities, equity and financial position at 30 June 2021 and of the results of the bank's operations for the financial period 1 January - 30 June 2021.

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, September 16 2021

Executive Management

Preben Riisberg Lund

Michael Hurup Andersen

Board of Directors

Jeppe Brøndum, chairman

Cecilia Hultén

Johan Lorenzen

Christian Motzfeldt

Ian Wilson

Financial statements

Income statements

| DKK'000. | Note | <u>H1 2021</u> | <u>H1 2020</u> |
|--|------|----------------|----------------|
| INCOME STATEMENT | | | |
| Interest income | | 79 | 0 |
| Negative interest income | | -195 | -1 |
| Interest expenses | | 5 | 4 |
| Positive interest expenses | | 0 | 0 |
| Net interest income | | <u>-121</u> | <u>-5</u> |
| Fee and commission income | | 0 | 0 |
| Fee and commission expenses | | 56 | 0 |
| Net interest and fee income | | <u>-177</u> | <u>-5</u> |
| Value adjustments | 4 | -112 | -5 |
| Other operating income | | 0 | 0 |
| Staff and administrative expenses | | 14,612 | 7,512 |
| Depreciation, amortisation and impairment charges for intangible and tangible assets | | 0 | 69 |
| Other operating expenses | | 0 | 0 |
| Impairment charges for loans, advances and receivables | 5 | 0 | 0 |
| Profit before tax | | <u>-14,901</u> | <u>-7,591</u> |
| Tax | | 0 | 0 |
| Profit for the period | | <u>-14,901</u> | <u>-7,591</u> |
| COMPREHENSIVE INCOME | | | |
| Profit for the periode | | -14,901 | -7,591 |
| Other comprehensive income | | 0 | 0 |
| Comprehensive income for the period | | <u>-14,901</u> | <u>-7,591</u> |

1. Accounting policies
2. Capital and capital adequacy
3. Five-year financial highlights
6. Contractual obligations and contingencies

Balance sheets

| DKK'000. | Note | H1 2021 | End 2020 |
|---|------|----------------|--------------|
| ASSETS | | | |
| Cash balances and demand deposits with central banks | | 0 | 0 |
| Receivables from credit institutions and central banks | | 43,298 | 2,528 |
| Loans, advances and other receivables at amortised cost | | 0 | 0 |
| Bonds at fair value | | 86,276 | 0 |
| Other assets | | 189 | 1,950 |
| Prepayments | | 2,013 | 813 |
| Total Assets | | 131,777 | 5,291 |
| LIABILITIES AND EQUITY | | | |
| Payables to credit institutions and central banks | | 0 | 0 |
| Deposits and other payables | | 300 | 0 |
| Other liabilities | | 4,483 | 4,505 |
| Total payables | | 4,783 | 4,505 |
| Provisions for losses under guarantees | | 0 | 0 |
| Other provisions | | 0 | 0 |
| Total provisions | | 0 | 0 |
| Share capital | | 40,586 | 673 |
| Share premium | | 147,329 | 45,902 |
| Retained earnings | | -60,921 | -45,787 |
| Equity | | 126,994 | 787 |
| Total liabilities and equity | | 131,777 | 5,291 |

Statement of changes in equity

| DKK'000 | <u>Share capital</u> | <u>Share Premium</u> | <u>Retained Earnings</u> | <u>Total</u> |
|-----------------------|----------------------|----------------------|--------------------------|----------------|
| 2021 | | | | |
| Equity, 1. January | 673 | 45,902 | -45,788 | 787 |
| Profit for the period | 0 | 0 | -15,133 | -15,133 |
| Capital Increase | 39,913 | 101,428 | 0 | 141,341 |
| Equity, 30 June | <u>40,586</u> | <u>147,329</u> | <u>-60,921</u> | <u>126,994</u> |
| 2020 | | | | |
| Equity, 1. January | 279 | 39,787 | -32,251 | 7,815 |
| Profit for the period | 0 | 0 | -7,591 | -7,591 |
| Capital Increase | 309 | 2,700 | 0 | 3,009 |
| Equity, 30 June | <u>588</u> | <u>42,487</u> | <u>-39,842</u> | <u>3,233</u> |

Notes

1. Accounting policies

BASIS OF PREPARATION

The interim 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").

Further, the Bank has changed its overall accounting policy from being prepared in accordance with the Financial Statement Act for the 2020 financial statements to being prepared in accordance with the Danish Financial Business Act for the 2021 interim financial statement. The change is due to the company being granted banking license and has no monetary effect on the income statement or balance sheet, only classification and presentation.

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

RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will 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 interim 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 recognized on the settlement day and recognition ceases 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.

INCOME STATEMENT

Interest Income and expenses, negative interest and fees and commissions

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

Interest income comprises interest and interest-like income, including interest-like commission received, and other income that forms an integral part of the effective interest of the underlying instruments.

Interest expenses comprise all interest-like expenses including adjustment over the life of the financial liabilities measured at amortised cost and where the cost differs from the redemption price.

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

Fees and commissions comprise income and costs related to services.

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.

Other fees and commissions are fully recognised in the income statement at the date of transaction.

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 office rent etc.

Depreciation, amortization and impairment charges for intangible and tangible assets

Depreciation is made on a straight-line basis over the expected useful lives of the tangible assets.

Tax

Current tax liabilities and current tax assets are recognized 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 carryforwards, 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.

BALANCE SHEETS

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks are measured at amortised value.

Bonds at fair value

Bonds are held for liquidity purposes and measured at fair value through profit and loss.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial periods.

Other assets

Other assets comprise deposits in connection with the administration of the bank and are measured at amortised cost.

Deposits and other payables

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 amortized cost.

Other liabilities

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

2. Capital and capital adequacy

| DKK'000 | H1 2021 |
|--|----------------|
| Credit risk | 19,997 |
| Market risk | 0 |
| Operational risk | 25,389 |
| Total risk exposure amount | 45,386 |
| Core Capital | 126,994 |
| Core capital after deductions ratio, % | 279,8 |
| Core capital ratio, % | 279,8 |
| Total capital ratio, % | 279,8 |

3. Five-year financial highlights

| DKK'000 | H1 2021 | H1 2020 | H1 2019 | H1 2018 |
|--|---------|---------|---------|---------|
| Summary income statement | | | | |
| Net interest and fee income | -177 | -5 | 0 | 0 |
| Value adjustments | -112 | -5 | -3 | 0 |
| Staff and administrative expenses | 14,612 | 7,512 | 10,742 | 2,886 |
| Impairment charges for loans, advances and receivables | 0 | 0 | 0 | 0 |
| Profit (loss) before tax | -14,901 | -7,591 | -10,745 | -2,886 |
| Tax | 0 | 0 | 0 | 0 |
| Profit (loss) for the period | -14,901 | -7,591 | -10,745 | -2,886 |
| Summary balance sheet, end of period | | | | |
| Loans, advances and other receivables | 0 | 0 | 0 | 0 |
| Equity | 126,994 | 3,233 | 2,291 | 23,189 |
| Total Assets | 131,777 | 8,396 | 7,500 | 24,214 |
| Financial ratios | | | | |
| Total capital ratio, % | 279.8 | - | - | - |
| Tier 1 capital ratio, % | 279.8 | - | - | - |
| Return on equity after tax, % | -23.3 | - | - | - |
| Income:Cost ratio | -0.0 | - | - | - |
| Interest rate risk, % | 0.4 | - | - | - |
| LCR | - | - | - | - |
| Loans and advances: deposits | 0 | - | - | - |
| Loans and advances: equity | 0 | - | - | - |
| Growth in loans and advances for the period, % | - | - | - | - |
| Impairment charges for the period, % | 0 | - | - | - |
| Sum of large exposures | 0 | - | - | - |

As Kompasbank was established on 18 July 2017 only key figures and financial ratios for the period 2018-2021 are disclosed. As Kompasbank received the bank license in March 2021, no ratios have been calculated for the prior interim periods.

4. Value adjustments

| DKK'000 | H1 2021 | H1 2020 |
|-------------------------|---------|---------|
| Bonds at fair value | -116 | 0 |
| Foreign exchange | 4 | -5 |
| Total value adjustments | -112 | -5 |

5. Impairment charges for loans, advances and receivables

At 30 June 2021 the loan balance amounts to DKKm 0, thus there are no impairment charges for loans, advances and receivables.

6. Contractual obligations and contingencies

At 30 June 2021 granted loans amounts to DKK 3 million.

The bank is obliged to make payments to the mandatory Danish deposit guarantee scheme and the Danish Resolution Fund, which are administered by Finansiel Stabilitet A/S.

The Bank is not yet aware of the exact payment obligation to the Danish Guarantee Fund and the Danish Resolution Fund, but the bank expects that payments are proportionate with its guaranteed share.

The Bank has contractual obligations to IT vendors. The obligations amount to a total of DKKm 12.4 as of June, 30.

The company has an unrecognized tax asset of DKKm 13.4.

Company information

| | |
|----------------------|---|
| Name | kompasbank a/s |
| Address | Frydenlundsvej 30 2950 Vedbæk Denmark |
| CVR-no | 38 80 36 11 |
| Financial period | 1. January - 30. June |
| 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 | Preben Riisberg Lund, Adm. CEO & CRO Frederiksberg Michael Hurup Andersen, Founder & Co-CEO Vedbæk |
| Auditors | EY Godkendt Revisionspartnerskab Dirch Passers Allé 36, 2000 Frederiksberg |