annual report 2022

kompasbank

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Annual report
01.01.2022-31.12.2022

kompasbank a/s
Frydenlundsvej 30
2950 Vedbæk

CVR-nr. 38 80 36 11

Approved at the Company's annual general meeting on 27 April 2023

Chairman of the meeting:
Steen Rode

management report

Introduction & business activities. kompasbank a/s is a Danish bank catering for small- and medium-sized companies (SMEs) that provides loans and credit facilities for a broad range of purposes including, but not limited to fixed- and current assets, working capital, property and minor acquisition financing, and green transitions.

Purpose. Our mission is to help SMEs reach their full potential, and we will do that by delivering, in due course, above and beyond banking services to become a prime growth enabler for SMEs.

The market we are addressing. The SMEs are by far the single most important contributors to the Danish, Scandinavian, and European economy. They account for most of the job creation, most of the economic value add, and they serve a critical role in local communities. However, they often struggle to find suitable debt financing. The problem is not that incumbent banks do not recognise the importance of SMEs. Nor that they do not see the potential. The problem is that the incumbent infrastructure has not kept up with technological advancement. This has caused the segment to be too cumbersome and expensive to serve. Instead, many banks have chosen to invest most of their resources into, and therefore prioritise, the very large corporations and the automation-ready retail market. This is both understandable and rational decision-making from the banking industry. But it does not solve the problem at hand. kompasbank is addressing this problem with new technology and modular infrastructure. We are scaling across borders and we can select customers across industries in a type and manner not previously seen in the industry.

Our mission is to help SMEs reach their full potential, and we will do that by delivering, in due course, above and beyond banking services to become a prime growth enabler.

Looking back at 2022

Macro environment. 2022 was characterised by war, energy supply constraints, supply chain constraints, inflation, heightened interest rates and equity volatility, and repricing of risk premiums across many asset classes. Despite these uncertainties we have stayed on course to execute our strategy of building a diversified SME loan portfolio.

Business lines. We now operate three distinct business lines. First, deposits & savings, in which we provide competitive yields for our deposit customers. Second, SME lending, in which we provide loans for our SME customers. Third, our platform services, which operates our marketplace that provides digital implementation opportunities for our customers.

We launched kompasbank navigator to help SMEs reach their full potential. The digital B2B marketplace provides an overview of digital solutions and makes it easier for SMEs to select the right solutions for their company.

Deposit growth. Deposits have shown acceptable and satisfactory growth during 2022. We started the year with mDKK 52 in deposits, and ended 2022 with mDKK 1,540 (2,900% YoY growth) providing us with a comfortable deposit base to support our continued expansion in business activities.

Lending growth. Lending has shown acceptable and satisfactory growth during the year. We started the year with mDKK 48 in loans, and ended 2022 with mDKK 802 in loan balance (1,600% YoY growth) and loan commitments balance grew to mDKK 128 (265% YoY growth). The loans have been disbursed to companies in numerous industries, loan sizes, geographical locations, and durations.

Platform Services. In 2022 we launched our B2B digital marketplace, called "Navigator", which almost immediately onboarded +30 new partners. The areas covered are administration, sustainability, accounting & bookkeeping, HR & people management, legal, marketing, finance, risk management, and sales. The marketplace provides an easy overview of digital services that removes friction in the customers day-to-day life, saves money, and releases a lot of time spent on administrative responsibilities.

Customers. We are working hard on redefining how SME lending is approached and conducted. We believe that SMEs can and should move forward under different competitive circumstances, which includes long term capital, efficient transactions with stakeholders, and an increased focus on digitization for the much overlooked middle market.

Hundreds of SME borrowers and thousands of retail depositors have chosen to do business with us, and this comes with a responsibility. Naturally, towards our shareholders, but also taking a broader stakeholder

perspective. As a bank, we hold a special position in society. We are safeguarding and growing people's financial savings, but we are also a provider of buying power. Credit provides our SME customers with immediate buying power, against a promise – some might say contractual obligation – to pay it back. Giving businesses, municipalities and public owned companies the ability to buy goods and services, hire people, make investments and grow their communities is a good and necessary thing. At its core, kompasbank is using technology and people to efficiently perform the original purpose of banking; to help allocate capital resources to where they create the most value.

Hundreds of SME borrowers and thousands of retail depositors have chosen to do business with us, and this comes with a responsibility.

People & Culture. In 2022 we've onboarded 26 new employees (we call them navigators), taking our total headcount to 63. Our key focus has been to ensure new navigators are integrated safely and quickly into their roles, and that they understand the nature of how work can be most efficiently conducted today. Amongst other things, this meant moving into new offices with better opportunities for individualised work spaces and cross-functional team collaborations.

Results. The result for 2022 shows a loss before tax of tDKK 73,996, and is as expected. The loss for the 2021 was tDKK 35,084.

The balance sheet stands at tDKK 1,756,427 at the end-December 2022 (tDKK 239,926 at end-2021). The bank has a loan book of tDKK 802,370 at end-December 2022 (tDKK 48,029 at end-2021). The deposit balance was tDKK 1,537,084 (tDKK 52,058 at end-2021).

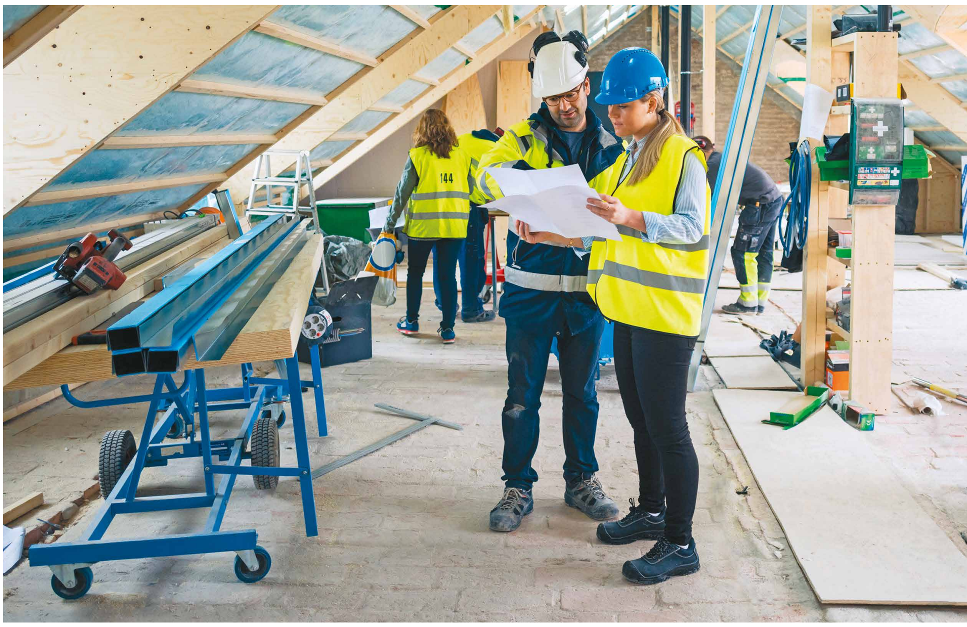
Looking forward to 2023

Financial Outlook. It is expected that the bank's financial position will continue to improve with the growth of the loan book, however the bank is expected to post a loss for the full year 2023 in the range of mDKK 50-70 before tax. It must be stated that forecasting is always uncertain, but we note that this year is at an elevated uncertainty due to the stage of the bank's lifecycle combined with the current macro economic environment. The bank should continue to benefit from rising interest rates, but could also be vulnerable to potential credit losses given the uncertainty of the economy. We have taken measures to ensure prudent resources are allocated accordingly.

Being able to show growth in both revenues and keep an attractive margin is affected by internal and external factors. Internally, financial cost discipline, sales scalability, operational efficiency all contribute to the equation. Externally, interest rates, regulatory requirements, competition, macro economic development and more all play a role, which is hard, if not impossible, to forecast accurately. Instead, we focus on building a robust operating engine on one side, and profitable customer products on the other. A combination which should be able to prosper even during difficult circumstances.

> We will focus on building a robust operating engine on one side, and profitable customer products on the other. A combination which should be able to prosper even during difficult circumstances.

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. This approach is prioritised with a strong focus on our long-term RoE potential.

Product Outlook. At the end of 2022, we entered into the Spanish SME lending market in cooperation with a local partner, and we expect this partnership to evolve during 2023 with additional offerings, diversifying our customer segment, product suite and credit risk across two markets.

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. In 2023, we expect few, but impactful, product launches during the year.

It is our ambition to build a cohesive SME product- and service experience that not only includes but also goes above and beyond traditional banking products.

Operational Outlook. 2023 will be an important year from an operational side. As we continue to grow, we must ensure that our foundation is both stable and robust, in order to efficiently and safely manage an increasing customer inflow and an increasing product suite. We have therefore decided to make several important investments in this area, the effects of which will be seen already in 2023, and more clearly in 2024.

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.

Capital and Liquidity

Capital. At end-December 2022 the bank's capital base was tDKK 188,478, which consists of tier 1 capital. The risk weighted exposure was tDKK 669,714 and the capital ratio was 28.1%.

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 including regulatory buffers has been determined to be tDKK 151,714 at end-December 2022 and with a total capital of tDKK 188,478, the excess capital is tDKK 36,764. The bank expects to raise additional capital during 2023 to support growth opportunities and aspirations, in order to fully balance the capital availability with the expected profit/loss for the year.

The Danish FSA has set the minimum requirement for own funds and eligible liabilities (MREL) to 16.1% of the risk-weighted exposure and 3% of the bank's total exposure measure (as defined by CRR article 429) at end-2022.

Liquidity. At end-December 2022 the bank had an adequate liquidity coverage measured by an LCR ratio of 11,926% and NSFR ratio of 196%. 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	2022
Sum of large exposures	< 175%	156%
Property exposure	< 25%	7%
Lending growth	< 20%	1,571%
Liquidity indicator	> 100%	11,926%

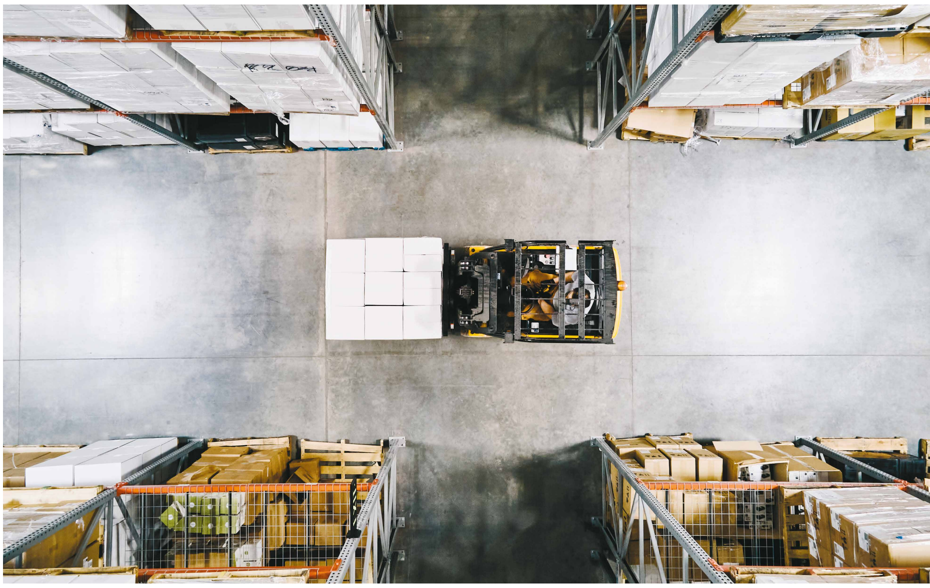
As of 31.12.2022, the bank complies with 3 of the 4 thresholds in the diamond. The benchmark for lending growth is breached since the lending book is in the build-up phase.

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. The Financial Crime Risk area has been elevated to a level 1 risk area (previously it was covered as a sub-risk area). This is done in order to ensure adequate attention and prioritisation in light of



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

The credit portfolio. Commercially the bank has had a very good year and the credit portfolio has as planned grown significantly. The growth is driven by an increase in Q2 and Q3 of the number of facilities larger than > tDKK 10,000 with an acceptable distribution across industries. In December, the bank started its lending to Spanish SME's. This is done in close cooperation with our partner, which has more than 20 years of experience in the Spanish SME market.

3 Lines of Defence. The bank has adopted the three lines of defence model with the bank's external auditor constituting the third line of defence. 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.

kompasbank has worked on implementing its enterprise risk management framework during 2022 and will continue to further mature it in the year 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 geo-political situation has changed significantly the past 12 months with increased tension between East and West. We have seen large price volatility in energy and grain prices driven by short term delivery problems as well as the fear of medium term shortage. This has certainly helped fuel inflation and the central banks have reacted with the largest interest rate increase in decades. The new interest environment and the possibility of a recession in Western Europe might lead to a lower demand for financing in the European SME market. During 2023 we have seen a few bank failures in the US and some tension in Europe where Credit Suisse has been bought by UBS. The central banks and the respective Supervisory Authorities have reacted swiftly, however, the situation might affect the capital market and some retail customers' trust in the banking industry. These uncertainties could affect the growth and profitability of the bank. This is further described in the above section "Looking forward".

Events since the balance sheet date

No events have occurred in the period up to the presentation of the 2022 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 note 24 in the Financial Statements.

Executive Management. Preben Riisberg Lund and Michael Hurup Andersen are the Executive Management.

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).

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.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management statement

The Executive Management and the Board of Directors have today reviewed and approved the annual report for 1 January – 31 December 2022 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.

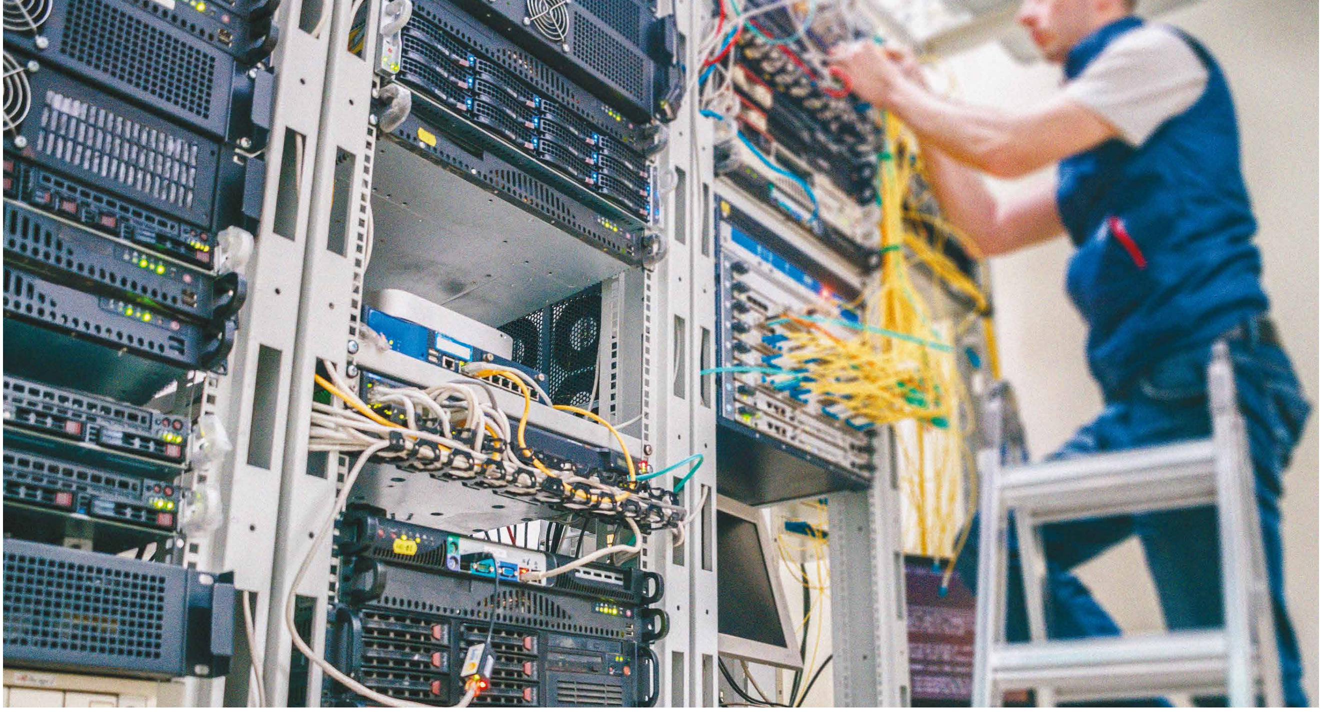
In our opinion, the Financial Statements give a true and fair view of the bank's assets, liabilities, equity and financial position at 31 December 2022 and of the results of the bank's operations for the financial period 1 January - 31 December 2022.

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, 11 April 2023

Board of Directors	**Executive Management**
Jeppe Brøndum, Chairman	Preben Riisberg Lund
Karin Cecilia Hultén	Michael Hurup Andersen
Johan Lorenzen	
Christian Motzfeldt	
Ian Douglas Wilson	



case
Vikings Tech

Tech-specialised trade company accelerates growth with the help from kompasbank

Vikings Tech is an international B2B trading company selling equipment and related services to businesses. They are a small and agile player focused on delivering solutions and quick decision-making to better help their customers obtain necessary hardware at a time where the industry is generally affected by microchip shortages and delivery challenges.

The company was founded five years ago by Søren Mejer and Fares Armanazi who wanted to put their many years of experience from larger companies into practice.

"We have a very clear idea of how we want to drive our business, and we both have a high ambition level. Within the next three years, our goal is to triple our revenue and to broaden our customer group to include private customers. Therefore, we are currently working on developing an advanced e-commerce platform that will give our customers access to products from all associated suppliers 24/7," says Søren Mejer, CEO and founder of Vikings Tech.

The growth plans can only be realised because Vikings Tech has decided to take a loan in kompasbank to optimise current capital structure and secure the company's liquidity, while investing in the development of the platform.

"The additional financing from kompasbank has given us a liquidity contingency that enables us to purchase larger batches of goods and thereby obtain volume discounts, which gives us a larger margin in a competitive market. It is absolutely crucial for us to be able to keep up with the digitization wave and bring our growth ambitions to life," says Søren Mejer, CEO and founder of Vikings Tech.

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 2022 and of the results of the bank's operations for the financial year 1 January to 31 December 2022 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 2022 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 (ISAs) 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 two years including the financial year 2022.

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 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Loan Impairment charges Loans are measured at amortised cost less impairment charges. Loan impairment charges represent Management's best estimate of expected losses on loans at the balance sheet date in accordance with the provisions of IFRS 9 as incorporated in the Executive Order for the Presentation of Financial Statements of Credit Institutions and Investment Companies, etc. ("Regnskabsbekendtgørelsen"). Reference is made to the detailed description of accounting policies in note 1. As a result of the macroeconomic development with high inflation, increased energy prices and interest rates Management has made an increase in loan impairment charges by way of an accounting estimate ('management estimate'). The impact of the macroeconomic development on the bank's customers is largely undetermined, which implies that the estimation uncertainty related to the calculation of impairment charges is increased. 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. The following areas are central to the calculation of loan impairment charges: • Credit classification on initial and subsequent recognition. • Model-based impairment charges and Management's determination of model variables. • Procedures to ensure completeness of the registration of credit-impaired loans (stage 3) or loans with significant increase in credit risk (stage 2). • Signifficant 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 macroeconomic 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 actual macroeconomic situation. As the bank has mainly new loans at 31 December 2022 and limited historical data, Management has applied a number of general assumptions and estimates in the calculations of impairment charges. 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").	We reviewed and assessed the impairment charges recognised in the income statement in 2022 and the accumulated impairment charges recognised in the balance sheet at 31 December 2022. 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. 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. 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. 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. 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 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. 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. 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 macroeconomic situation. 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. We also assessed whether the factors that may have an influence on provisions for expected losses on loans have been appropriately disclosed.

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 judgment and maintain professional skepticism 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, 11 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Business registration no 33 77 12 31

Benny Voss
State Authorised
Public Accountant
mne15009

Peter Nissen
State Authorised
Public Accountant
mne33260


we are
kompasbank

We are kompasbank

case
Converdan A/S

The scenario we are looking into is nerve wrecking

Converdan A/S engineers and builds power converters for EV-Charging, energy storage and demanding OEM applications. The company from Southern Jutland has designed and manufactured power electronic products for more than a decade, and in the recent years they have capitalised on the huge demand for power converters that are used in fast chargers to convert alternating current (AC) from the electricity network into direct current (DC).

In fact, you cannot build a fast charger for electric cars without a power converter, and as one of the very few producers – globally – Converdan A/S plays a central role in the green transition and has the opportunity to realise a triple-million-Euro market potential over the coming years.

"The scenario we are looking into is nerve wrecking. We are one out of 3-5 companies in the world who produce these power converters as commercial off-the-shelf products, targeted at some of the most demanding applications, which are important for the green transition. The market potential is enormous, and over the past two years, we have doubled the number of employees and quadrupled the turnover," says Thomas Slivsgaard, founder of Converdan A/S.

To keep up with the market and the huge potential, Converdan decided to reach out to kompasbank to get an extra bank in addition to their primary bank.

"We needed additional finance, and we had heard about kompasbank from our network, so we decided to reach out. We have been quite impressed with how well they understood our needs and business, and we are looking forward to continuing the collaboration," says Thomas Slivsgaard.

financial statements

Income statement and comprehensive income

DKK '000	Note	2022	2021
INCOME STATEMENT			
Interest income	4	21,695	763
Negative interest income	5	591	462
Interest expenses	6	7,775	15
Net interest income		**13,329**	**286**
Fee and commission income	7	566	56
Fee and commission expenses		1,503	110
Net interest and fee income	9	**12,392**	**231**
Value adjustments	8	-5,465	-670
Staff and administrative expenses	10	65,755	33,731
Depreciation, amortisation and impairment charges for intangible and tangible assets		-3,872	-438
Impairment charges for loans, advances and receivables	11	-11,295	-477
Profit before tax		**-73,996**	**-35,084**
Tax	12	0	0
Profit for the period		**-73,996**	**-35,084**
COMPREHENSIVE INCOME			
Profit for the period		-73,996	-35,084
Other comprehensive income		0	0
Comprehensive income for the period		**-73,996**	**-35,084**
Proposed distribution of profit			
Retained earnings		-73,996	-35,084
Total proposed distribution of profit		**-73,996**	**-35,084**

Balance sheet

DKK '000	Note	2022	2021
ASSETS			
Receivables from credit institutions and central banks	13	206,064	36,297
Loans, advances and other receivables at amortised cost	14,11	802,370	48,029
Bonds at fair value		702,729	65,784
Intangible asset		27,683	8,430
Total land and buildings	15	**7,348**	**0**
Leased domicile property		7,348	0
Other tangible asset	16	1,281	0
Other assets		2,041	76,304
Prepayments		6,911	5,082
Total Assets		**1,756,427**	**239,926**
LIABILITIES AND EQUITY			
Deposits and other debt	17	1,537,084	52,058
Other liabilities		10,511	2,754
Period accruals		3,842	0
Total liabilities		**1,551,437**	**54,812**
Share capital	18	48,391	44,756
Share premium		306,927	217,951
Retained earnings		-150,329	-77,593
Equity		**204,990**	**185,114**
Total liabilities and equity		**1,756,427**	**239,926**

Statement of changes in equity

DKK '000	Share capital	Share premium	Retained earnings	Total
Equity, 1 January 2021	673	45,902	-45,788	787
Profit for the period	0	0	-43,515	-43,515
Correction – development cost	0	0	8,430	8,430
Capital increase	44,083	172,049	0	216,132
Share-based payments	0	0	3,280	3,280
Equity, 31 December 2021	**44,756**	**217,951**	**-77,593**	**185,114**
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		92,611
Share-based payments	0	0	1,260	1,260
Equity, 31 December 2022	**48,391**	**306,927**	**-150,329**	**204,989**

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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 2021. However, the bank has not previously capitalised development costs and has done this with effect from January 2021. The staff expenses were lowered by tDKK 6,566, other IT costs were lowered tDKK 2,302 (total impact on Staff and administrative expenses were lowered tDKK 8,868). The depreciation of Intangible assets for 2021 was tDKK 438. The total adjustment on the profit after tax for FY21 was tDKK -8,430. The effect of this correction has been reflected in the equity statement for 2021. Comparable figures in the Income and Balance statements as well as the Five-year financial highlights have been corrected accordingly.

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.

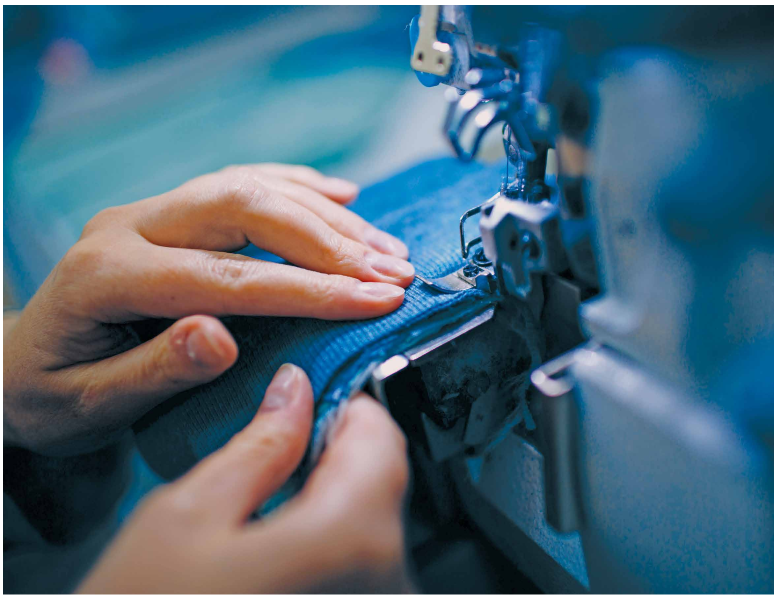
On initial recognition, assets and liabilities are measured at fair value except for intangible and tangible assets which are measured at cost.

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 of IT, marketing and travel, subscriptions, consultants, and other admin related costs.

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.

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

The bank's credit risk impairment model is based on expected losses. This model applies to loans and debt instruments classified at amortised cost, loan commitments and financial guarantee contracts that are not booked at fair value.

General impairment model

The bank identifies three stages each corresponding to a specific situation with respect to the evolution of the credit risk of the counterparty since the initial recognition of the asset:

- Expected credit losses at 12 month (Stage 1): if, at closing date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is subject to a provision for depreciation for an amount equal to expected credit losses at 12 months (resulting from risks of default in the next 12 months).

- Expected credit losses at maturity for non-impaired assets (Stage 2): the provision for depreciation is measured for an amount equal to the expected credit losses over the full lifetime (at maturity) if the credit risk of the financial instrument has increased significantly since initial recognition without the financial asset being impaired.

- Expected credit losses at maturity for impaired financial assets (Stage 3): when an asset is impaired, the provision for depreciation is measured for an amount equal to the expected credit losses at maturity

This general model is applied to all instruments in the scope of the impairment of IFRS 9 measured at amortised cost. The expected credit loss approach under IFRS 9 is symmetrical, meaning that if some expected credit losses at maturity have been recognised in a previous closing period, and if there is no longer any indication of significant increase in credit risk for the financial instrument during the current closing period since its initial recognition, then the provision is calculated on the basis of expected credit losses at 12 months..

Impaired Financial Assets

A financial asset is impaired and classified as "stage 3" when one or more events that have a negative impact on the future cash flows of that financial asset have occurred.

At the individual level, an objective indication of impairment includes any observable data relating to the following events:

- The existence of unpaid instalment for at least 90 days
- The knowledge or observation of significant financial difficulties of the customer indicating the existence of a credit risk, even if there is no unpaid instalment
- Concessions granted to the terms and condition of the loans, which would not have been granted in the absence of financial difficulties of the customer.

Significant increase in credit risk

Significant increase in the credit risk will be assessed on an individual basis or on a collective basis (by grouping the financial instruments according to common credit risk characteristics) by taking into consideration all reasonable and supportable information and comparing the default risk of the financial instrument at the closing date with the default risk on the date of its initial recognition.

Assessment of deterioration will be measured by comparing probability of default/ratings on the date of initial recognition and those existing at the reporting date.

Default is defined as 90 days in excess or when significant financial difficulties of the customers are observed even if there are no unpaid instalments. The categorization in stages and calculation of the expected loss is based on the bank's rating model and assigned PD levels respectively. In assessing the development in credit risk, it is assumed that there has been a significant increase in risk compared to the time of initial recognition in the following situation:

- A downgrade on the bank's rating scale equalling one downwards change on the Danish FSA's rating scale

However, if the credit risk on the financial asset is considered low at the balance sheet date, the asset is maintained in stage 1, which is characterised by the absence of a significant increase in credit risk. The credit risk is considered low when the customer's assigned 12-month PD is below 0.2%.

Under the standard, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. Such financial assets are classified in stage 2.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of cash shortfalls) over the expected lifetime of the financial instrument.

- In practice, for exposures classified in stage 1 and stage 2, the expected credit losses are calculated as the product of the probability of default ("PD"), the loss given default ("LGD") and the Exposure at Default ("EAD") discounted at the effective interest rate of the exposure. They result from the risk of default in the next 12 months (stage 1) or the risk of default over the lifetime of the exposure (stage 2).
- For exposures classified in stage 3, the expected credit losses are calculated as the discounted value at the effective interest rate of the cash shortfall over the life of the instrument. Cash shortfall is the difference between the cash flows that are due by the customer in accordance with the contract and the cash flow that the bank is expected to receive.

The resulting impairment losses are recognised in the income statement under "Impairment charges for loans, advances and receivables".

2. Capital and capital adequacy

DKK '000	2022	2021
Equity	204,990	185,114
Intangible Assets	-16,512	-8,430
Total core capital after deductions	**188,478**	**176,684**
Credit risk	601,305	65,281
Market risk	23,937	0
Operational risk	44,472	53,507
Total risk exposure amount	**669,714**	**118,788**
Core capital after deductions ratio, %	28.1	148.7
Core capital ratio, %	28.1	148.7
Total capital ratio, %	**28.1**	**148.7**

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 11,171 at 31 December 2022, (2021: tDKK 0).

3. Five-year financial highlights

DKK '000	2022	2021	2020	2019	2018
Summary income statement					
Net interest and fee income	12,392	231	-47	-33	0
Value adjustments	-5,465	-670	21	-19	-6
Staff and administrative expenses	65,755	33,731	13,501	19,340	13,025
Depreciation, amortisation and impairment charges for intangible and tangible assets	-3,872	-438	-142	-104	0
Impairment charges for loans, advances and receivables	-11,295	-477	0	0	0
Profit (loss) before tax	-73,996	-35,084	-13,721	-19,495	-13,035
Tax	0	0	0	0	0
Profit (loss) for the period	-73,996	-35,084	-13,721	-19,495	-13,035
Summary balance sheet, end of period					
Loans, advances and other receivables	802,370	48,029	0	0	0
Equity	204,990	185,114	787	13,037	7,815
Total Assets	**1,756,427**	**239,926**	**5,291**	**17,830**	**13,324**
Financial ratios					
Total capital ratio, %	28.1	148.7	-	-	-
Tier 1 capital ratio, %	28.1	148.7	-	-	-
Return on equity before tax, %	-38.77	-49.0	-319.0	-187.0	-100.0
Return on equity after tax, %	-38.77	-49.0	-319.0	-187.0	-100.0
Income:Cost ratio	0.1	0.0	-	-	-
Interest rate risk, %	4.0	0.2	-	-	-
Currency position	85,107.8	-	-	-	-
Currency risk, %	45.2	-	-	-	-
Loans and advances: deposits	0.5	0.9	-	-	-
Loans and advances: equity	3.9	0.3	-	-	-
LCR, %	11,926	-	-	-	-
Sum of large exposures, %	156.0	15.8	-	-	-
Growth in loans and advances for the period, %	1,571	-	-	-	-
Impairment charges for the period, %	1.4	1.0	-	-	-
Return on assets (%)	-4.2	-14.6	-259.3	-109.3	-97.8

As 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	2022	2021
from credit institutions and central banks	368	0
from loans, advances and other receivables	19,195	318
from bonds	2,132	445
Total interest income	21,695	763

5. Negative interest income

DKK '000	2022	2021
from credit institutions and central banks	563	450
from bonds	27	13
Total negative interest income	591	462

6. Interest expenses

DKK '000	2022	2021
from deposits and other debt	7,704	8
Other interest expenses	71	7
Total interest expenses	7,775	15

7. Fee and commission income

DKK '000	2022	2021
Loan fees	25	0
Guarantee fees	148	0
Other fees and commission	394	56
Total fee and commission income	566	56

8. Value adjustments

DKK '000	2022	2021
Bonds at fair value	-5,235	-653
Foreign exchange	-230	-17
Total value adjustments	-5,465	-670

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

The bank does not provide segment disclosures for 2022, as the foreign activities did not have a significant impact on the financial statements for 2022.

10. Staff and administrative expenses

DKK '000	2022	2021
Remuneration of Executive Management	4,107	2,745
Remuneration of Board of Directors	35	50
Staff expenses	37,970	13,776
Other administrative expenses	23,643	17,160
Total	**65,755**	**33,731**
Salaries	26,556	8,440
Pensions	2,454	842
Payroll tax	7,545	2,305
Social securities expenses	215	53
Share-based payments	1,199	2,136
Total staff costs	**37,970**	**13,776**

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	3,115	2,253
Pensions	315	227
Variable salaries	0	0
Share-based payments	49	123
Total	**3,480**	**2,604**
Average number of staff for the financial year, full-time equivalent	58	20
Number of material risk takers	4	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	481	263
Other assurance engagements	25	31
Tax and VAT advice	48	0
Other services	260	19
Total	**815**	**313**

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

EY		
Statutory audit of the Financial Statement	0	0
Other assurance engagements	0	106
Other services	0	283
Total	**0**	**389**

11. Impairment charges for loans, advances and receivables

DKK '000	2022	2021
Impairment provisions for new loans and advances (additions)	11,396	477
Additions as a result of changes in credit risk	76	0
Releases as a result of change in credit risk	-177	0
Previously written down for impairment, now written off	0	0
Total impairment provisions	11,295	477

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

The bank has not purchased impaired loans and therefore there is no impairment on initial recognition, but some of the loans disbursed in 2022 have migrated to stage 2 and 3 during the year.
Included in the impairment numbers above is a management judgement of tDKK 2.,700 covering lack of forward looking information in the PD-levels allocated to the loans and to cover potential operational deficiencies related to the impairment calculation.

DKK '000	Stage 1	Stage 2	Stage 3	Impairment on initial recognition	Total
Total, 1 January 2021	0	0	0	0	0
Impairment provisions for new loans and advances (additions)	477	0	0	0	477
Additions as a result of changes in credit risk	0	0	0	0	0
Releases as a result of change in credit risk	0	0	0	0	0
Transfer to stage 1	0	0	0	0	0
Transfer to stage 2	0	0	0	0	0
Transfer to stage 3	0	0	0	0	0
Previously written down for impairment, now written off	0	0	0	0	0
Total impairment provisions, 31 December 2021	477	0	0	0	477

12. Tax

DKK '000	2022	2021
Current tax for the year	0	0
Deferred tax adjustment for the year	0	0
Total	0	0

As of 31 December 2022 the bank has unrecognised deferred tax assets in the level of mDKK 41 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	2022	2021
Receivables from central banks	0	0
Receivables from credit institutions	206,064	36,297
Total	206,064	36,297
Receivables from credit institutions and central banks by time-to-maturity		
On demand	206,064	36,297
Up to 3 months	0	0
Over 3 months and up to 1 year	0	0
Over 1 year and up to 5 years	0	0
Over 5 year	0	0
Total	206,064	36,297

14. Loans, advances and other receivables at amortised cost

DKK '000	2022	2021
Bank loans and advances at fair value	0	0
Loans, advances and other receivables at amortised cost	802,370	48,029
Total	**802,370**	**48,029**
Loans, advances and other receivables by time-to-maturity		
On demand	0	0
Up to 3 months	63,909	0
Over 3 months and up to 1 year	16,545	0
Over 1 year and up to 5 years	271,599	14,751
Over 5 year	450,316	33,278
Total	**802,370**	**48,029**
Loans, advances and other receivables by sector as %, year-end		
Public sector	0.0	0.0
Business customers		
Agriculture, hunting, forestry and fishing	1.1	0.0
Manufacturing, mining and quarrying	21.8	50.0
Energy supply	3.3	0.0
Construction	6.2	0.0
Trade	26.5	15.8
Transport, accommodation and food service activities	0.2	0.0
Information and communication	1.9	0.0
Finance and insurance	12.6	0.0
Real estate	6.5	10.1
Other	19.9	24.1
Total business customers	100.0	100.0
Personal customers	0.0	0.0
Total	**100.0**	**100.0**

15. Land and buildings

DKK ’000	2022	2021
Cost at 1 January	0	0
Purchase during the year	8,267	0
Cost at 31 December	**8,267**	**0**
Depreciation at 1 January	0	0
Depreciation charges during the year	-919	0
Depreciations at 31 December	**-919**	**0**
Accounting value at 31 December	7,348	0
Total leased domicile property	**7,348**	**0**
Total land and buildings	**7,348**	**0**

16. Other tangible asset

DKK ’000	Other tangible assets	Leased tangible assets	2022
Cost at 1 January	50	0	50
Purchase during the year	827	614	1,441
Disposals during the year	0	0	0
Cost at 31 December	**877**	**614**	**1,491**
Depreciation at 1 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 31 December	**-97**	**-112**	**-210**
Accounting value at 31 December	780	502	1,281
Total tangible assets	**780**	**502**	**1,281**

The table for 2021 is intentionally omitted as the accounting values end of 2021 would show 0.

17. Deposits and other debt

DKK ’000	2022	2021
On demand	0	0
At notice	149,620	0
Time deposits	1,387,463	52,058
Special deposits	0	0
Total	**1,537,083**	**52,058**
By time-to-maturity		
On demand	0	0
Up to 3 months	173,972	8,220
Over 3 months and up to 1 year	509,487	24,742
Over 1 year and up to 5 years	850,624	19,096
Over 5 year	3,000	0
Total	**1,537,083**	**52,058**

18. Share capital

The share capital comprises 48,391,370 shares of a nominal value of DKK 1 each.

DKK ’000	2022	2021
Share capital, 1. January	44,756	673
Capital increases (by cash payments)	3,606	4,947
Bonus shares (from the free reserves)	29	39,136
Share capital, 31 December	**48,391**	**44,756**

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, 4,565,119 warrants have been granted by 31 December 2022.

Warrants granted in 2022 to the Executive Management were valued at DKK 16,083. The Board of Directors were not granted warrants in 2022.

During 2022 costs related to the warrant program of tDKK 1,260 has been recognised in the income statement. Warrants are valued with a Black-Scholes model and recognised in the income statement relative 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 2022 is distributed in rating categories:

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

Below, the gross credit exposure on 31 December 2021 is distributed in rating categories:

DKK '000	Stage 1	Stage 2	Stage 3	Originated credit impaired	Total
3/2a	10,952	0	0	0	10,952
2b	37,554	0	0	0	37,554
2c	0	0	0	0	0
1	0	0	0	0	0
Gross exposure, year-end	48,506	0	0	0	48,506

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 2022 is distributed by sector:

DKK '000	Stage 1	Stage 2	Stage 3	Originated credit impaired	Total
Public sector	0	0	0	0	0
Business customers	0	0	0	0	0
Agriculture, hunting, forestry and fishing	9,034	0	0	0	9,034
Manufacturing, mining and quarrying	178,716	0	0	0	178,716
Energy supply	27,169	0	0	0	27,169
Construction	50,958	0	0	0	50,958
Trade	186,370	24,864	6,669	0	217,903
Transport, accommodation and food service activities	1,677	0	0	0	1,677
Information and communication	15,652	0	0	0	15,652
Finance and insurance	103,735	0	0	0	103,735
Real estate	53,523	0	0	0	53,523
Other	153,709	9,334	0	0	163,043
Total business customers	780,543	34,198	6,669	0	821,410
Personal customers	0	0	0	0	0
Gross exposure, year-end	780,543	34,198	6,669	0	821,410

Below, the gross credit exposure on 31 December 2021 is distributed by sector:

DKK '000	Stage 1	Stage 2	Stage 3	Originated credit impaired	Total
Public sector	0	0	0	0	0
Business customers	0	0	0	0	0
Agriculture, hunting, forestry and fishing	0	0	0	0	0
Manufacturing, mining and quarrying	24,260	0	0	0	24,260
Energy supply	0	0	0	0	0
Construction	0	0	0	0	0
Trade	7,680	0	0	0	7,680
Transport, accommodation and food service activities	0	0	0	0	0
Information and communication	0	0	0	0	0
Finance and insurance	0	0	0	0	0
Real estate	4,917	0	0	0	4,917
Other	11,649	0	0	0	11,649
Total business customers	48,506	0	0	0	48,506
Personal customers	0	0	0	0	0
Gross exposure, year-end	48,506	0	0	0	48,506

The bank's portfolio consists at the end of 2022 primarily of customers with good credit quality and only one impaired loan and limited number of loans with forbearance measures or customers with an increase in credit risk.

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. Table below shows an overview of the collateral security:

DKK '000	2022	2021
Immovable property	90,378	13,665
Government guarantees	140,556	26,242
Total	230,934	39,907

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
LOANS GRANTED, NOT PAID OUT
On 31 December 2022 granted loans amounted to 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 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 2022.

CONTRACTUAL OBLIGATIONS TO VENDORS
The bank has contractual obligations to IT vendors. The obligations amount to a total of tDKK 8,619 as of end-December 2022.

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.

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
• Capital 19 Holding ApS, Charlottenlund
• Wandt Invest ApS, Hørsholm
• Oryza Capital SL, Valencia, Spain

24. Executive Management and Board

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: Temenos AG Owner and board member: CBio A/S, CVR: 40216642 Board member: MEDCONNECT A/S, CVR: 25000870 KONSOLIDATOR A/S, CVR: 36078383 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: Revolut Ltd Revolut Newco UK Ltd Revolut Group Holdings Ltd (NED) 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) Area9 Lyceum ApS, CVR: 39079976 CEO and owner: Motzfeldt Invest Holding ApS, CVR: 40810587

EXECUTIVE MANAGEMENT		
Part	**Role**	**Related company**
Preben Riisberg Lund	CEO	I/S Skovvænget 6, CVR: 43337408
Michael Hurup Andersen	Founder & co-CEO	CEO and owner: Holdingselskabet af 17.7.2017 ApS, CVR: 38801945

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	Preben Riisberg Lund, CEO & CRO Frederiksberg
	Michael Hurup Andersen, Founder & Co-CEO Vedbæk
Auditors	PricewaterhouseCoopers Revisionspartnerselskab Hellerup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