interim report 2022/H1

kompasbank

contents

interim report 2022/H1
01.01.2022-30.06.2022

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management report

> Our purpose 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.

kompasbank a/s is a corporate bank that delivers credit services to small and medium-sized enterprises (SMEs). The credit services include financing of fixed assets, current assets, minor M&A transactions, HQ/domicile financing, and green transitions.

Looking back at first half of the 2022

Macro environment

H1 of 2022 has been characterised by several unfortunate, but not uncommon themes. War, inflation, energy supply constraints, supply chain constraints, heightened interest rate volatility, equity market sell-off, and repricing of risk premiums across many asset classes are all themes that all companies, including ours, have to consistently navigate.

People onboarding

In the first 6 months of 2022 we've onboarded 16 new navigators, taking our total headcount to 53. Our key focus has been to ensure new people are integrated safely and quickly into their roles, and understanding the nature of how work can be most efficiently conducted today.

Lending growth

Lending has shown acceptable and satisfactory growth during the first half of the year. We started the year with 48 mDKK in loans, and in the first 6 months our loan book and commitments grew to approximately 500 mDKK, which is +850% growth. The loans have been disbursed through multiple industries, loan sizes, geographical locations, and durations.

Deposit growth

Deposits have shown acceptable and satisfactory growth during the first half of the year. We started the year with 52 mDKK in deposits, and in the first 6 months our deposit book grew to 500 mDKK providing us with a matched balance sheet, and growth in excess of 850%.

Customers

We have been focused on supporting owners and leaders of small- and medium businesses with driving productivity, creating jobs and building healthy financial companies, and we are grateful for the warm and welcome reception we have received so far from thousands of people from both depositors and borrowers.

We are very happy to see that both depositors and borrowers have welcomed kompasbank into their lives to either safeguard and grow their deposits, or to help their businesses grow and develop, and we are committed to working every day to earn their trust, and their willingness to conduct their banking services with us.

Branding

We launched a new TV commercial **(click here)**, which was intended to build our brand and differentiate ourselves in the minds of our customers. It ran on TV 2 News for +1 months, approximately 10 times per day. This activity was reflected in our website visits and general recognition of kompasbank. In the coming years we will continue to build our brand by engaging with our customers through multiple channels.

This requires investment and thoughtful care as we communicate our values and find like-minded people and companies with whom we share those values and find common ground for a deepening relationship.

Results

The result for the first half of 2022 shows a loss before tax of DKK 32,257 thousand. The loss for the first half year of 2021 was DKK 12,050 thousand. The financial result was as expected.

The balance sheet stands at DKK 660,954 thousand at the end-June 2022 (DKK 239,926 thousand at end-2021). The bank has a loan book of DKK 452,036 thousand at end-June 2022 (DKK 48,029 thousand at end-2021). The deposit balance was DKK 499,441 thousand (DKK 52,058 thousand at end-2021).

Looking forward

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 will have a loss for the full 2022 year in line with expectations and budgets. The current interest rate volatility provides several challenges and opportunities. The bank should overall benefit from rising interest rates through higher rates for our loans, but also incur increased funding cost, as deposit rates will also adjust upwards.

Any adverse change in the overall financial and economic conditions could affect the bank's ability to grow with the expected speed, but the bank is very well positioned to take advantage of the surplus deposit 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.

We will make significant 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

We expect to have few, but larger product launches in the coming quarters. Products that will help us execute our mission of helping SMEs reach their full potential by becoming a prime growth enabler for SMEs in Europe by 2030.

We will do this by building a cohesive SME product- and service experience that includes, but also goes above and beyond, traditional banking products.

Operational Outlook

We are determined to continue our dedicated focus on SMEs and our efforts to help them achieve their full potential. We firmly believe that SMEs can be served better, smarter and more efficiently by the use of cloud technology, data and predictive analytics, machine learning, and business intelligence which intends to provide a more forward-looking view on the customer's risk profile and business performance.

Our investments in - and leverage of - the technology opportunities available also requires the bank to be attentive towards legislative changes regarding the use of cloud and data analytics, and to stay compliant with GDPR rules and other regulations. The bank will continue to follow the developments closely and adjust its processes and set-up if deemed necessary.

Capital and Liquidity

Capital

At end-June 2022 the bank's capital base was DKK 141,931 thousand, which consists of tier 1 capital. The risk weighted exposure was DKK 316,588 thousand and the capital ratio was 44.8%.

Management has determined the required own funds by taking the expected growth of the lending book into account, and allocating capital for all relevant risks for the next 12 months. The bank's required own funds excluding buffers has been determined to be DKK 71,848 thousand at end-June 2022 and with a total capital of DKK 141,931 thousand, the excess capital is DKK 70,083 thousand, which is considered sufficient to support further development of the bank.

The Danish FSA has set the minimum requirement for own funds and eligible liabilities (MREL) to the bank's required own funds and 3% of the bank's total risk measure at end-2021. The MREL requirement is 41.9% and since the bank already complies with this requirement, no phase-in period is applicable.

Liquidity

At end-June 2022 the bank has an adequate liquidity coverage measured by an LCR ratio of 7,378% and NSFR ratio of 136%. 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 end-June are as follows:

Indicator	Limit	H1 2022
Sum of large exposures	< 175%	163%
Property exposure	< 25%	4%
Lending growth*	< 20%	N/A
Liquidity indicator	> 100%	7,378%

*) The lending growth benchmark in the supervisory diamond is not available since the growth is measured year-on-year and the bank had a loan balance of DKK 0 end-June 2021.

The bank complies with all thresholds in the diamond.

Risk

Risk areas of the bank

There has been no material change to the overall risk areas of the bank compared with the risks described in the annual report for 2021. (See note 17. "Financial risks and policies and objectives for the management of financial risks" in the annual report for 2021).

The credit portfolio

Commercially the bank has had a very good half year and the credit portfolio has as planned grown significantly. The growth is driven by a number of facilities larger than > 10 mDKK with an acceptable distribution across industries.

Emerging Risks

The geo-political situation has changed significantly the past 6 month with increased tension between East and West. We have seen large increases in energy and grain prices driven by short term delivery problems as well as the fear of medium term shortage. This has helped fuel the inflation and the central banks have reacted with the largest interest rate increase in 10 years. The new interest environment and the possibility of a recession in Western Europe might lead to a lower demand for financing in the Danish SME market. This 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 interim report 2022/H1, which materially affect the bank's financial position.

Changes in accounting policies

The bank has prepared the interim 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.

management statement

The Executive Management and the Board of Directors have today reviewed and approved the interim report for 1 January – 30 June 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 30 June 2022 and of the results of the bank's operations for the financial period 1 January - 30 June 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 interim report has not been subject to audit or review.

Vedbæk, 31 August 2022

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

financial statements

Income statement and comprehensive income

DKK '000	Note	2022/HI	2021/HI
INCOME STATEMENT			
Interest income		4,685	79
Negative interest income		412	195
Interest expenses		207	5
Net interest income		**4,066**	**-121**
Fee and commission income		91	0
Fee and commission expenses		276	56
Net interest and fee income		**3,881**	**-177**
Value adjustments	4	-457	-112
Staff and administrative expenses		-30,731	-11,761
Depreciation, amortisation and impairment charges for intangible and tangible assets		1,079	0
Impairment charges for loans, advances and receivables	5	3,871	0
Profit before tax		**-32,257**	**-12,050**
Tax	6	0	0
Profit for the period		**-32,257**	**-12,050**
COMPREHENSIVE INCOME			
Profit for the period		-32,257	-12,050
Other comprehensive income		0	0
Comprehensive income for the period		**-32,257**	**-12,050**
Proposed distribution of profit			
Retained earnings		-32,257	-12,050
Total proposed distribution of profit		**-32,257**	**-12,050**

Balance sheet

DKK '000	Note	2022/HI	2021
ASSETS			
Receivables from credit institutions and central banks		69,229	36,297
Loans, advances and other receivables at amortised cost	7	452,036	48,029
Bonds at fair value		115,860	65,784
Intangible asset		17,954	8,430
Other tangible asset		339	0
Other assets		815	76,304
Prepayments		4,721	5,082
Total Assets		**660,954**	**239,926**
LIABILITIES AND EQUITY			
Deposits and other payables		499,441	52,058
Other liabilities		7,928	2,754
Total payables		**507,369**	**54,812**
Share capital		44,806	44,756
Share premium		217,966	217,951
Retained earnings		-109,186	-77,593
Equity		**153,586**	**185,114**
Total liabilities and equity		**660,954**	**239,926**

Statement of changes in equity

DKK '000	Share capital	Share Premium	Retained Earnings	Total
2021				
Equity, 1 January 2021	673	45,902	-45,788	787
Profit for the period			-14,901	-14,901
Correction - development cost			2,851	2,851
Capital Increase	39,913	101,428		141,341
Share-based payments			-232	-232
Equity, 30 June 2021	**40,586**	**147,329**	**-58,070**	**129,845**
Equity, 30 June 2021	40,586	147,329	-58,070	129,845
Profit for the period			-28,614	-28,614
Correction - development cost			5,579	5,579
Capital Increase	4,170	70,621		74,792
Share-based payments			3,512	3,512
Equity, 31 December 2021	**44,756**	**217,951**	**-77,593**	**185,114**
2022				
Equity, 1 January 2022	44,756	217,951	-77,593	185,114
Profit for the period			-32,257	-32,257
Capital Increase	50	15		64
Share-based payments			664	664
Equity, 30 June 2022	**44,806**	**217,966**	**-109,186**	**153,585**

notes

1. Accounting policies

BASIS OF PREPARATION

The annual report of kompasbank a/s has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. ("The Executive Order").

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 effect of this correction is 8.4 mDKK which has been corrected 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 recognized 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 recognized in the balance sheet when the bank has a legal or constructive obligation as a result of a prior event, and it is probable that the future economic benefits will flow out of the bank, and the value of the liability can be measured reliably.

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

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

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

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

Purchases and sales of financial instruments are recognized on the settlement day and derecognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized in the income statement at the date of transaction

Negative interest income is recognized in "negative interest income" and negative interest expenses are recognized 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 recognized successively.

Administrative expenses comprise IT and marketing costs as well as office rent etc.

Share-based payments are recognized 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 recognized in the income statement.

BALANCE SHEET

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.

Other tangible assets

Other tangible assets comprise of equipment and cars and are initially measured at cost and subsequently at amortised cost.

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 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 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 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 carry-forwards, are recognized 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 recognized 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 recognized 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 recognized 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.

Purchased or originated credit-impaired (POCI) financial assets are loans or credit facilities that are credit impaired at initial recognition.

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 in the form of PD models. 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 situations:

- An increase in PD for the expected remaining maturity of the financial asset of 100% and an increase in 12-month PD of 0.5% when the 12-month PD at initial recognition was below 1.0%.
- An increase in PD for the expected residual maturity of the financial asset of 100% or an increase in 12-month PD on initial recognition of 2.0 percentage points when 12-month PD on initial recognition was 1.0% or more.

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 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 recognized in the income statement under "Impairment charges for loans, advances and receivables".

2. Capital and capital adequacy

DKK '000	2022/H1	2021
CAPITAL AND CAPITAL ADEQUACY		
Equity	153,586	185,114
Intangible assets	-11,655	-8,430
Total core capital after deductions	**141,931**	**176,684**
Credit risk	252,782	65,281
Market risk	0	0
Operational risk	63,806	53,507
Total core capital after deductions	**316,588**	**118,788**
Core capital after deductions ratio, %	44.8	148.7
Core capital ratio, %	44.8	148.7
Total capital ratio, %	**44.8**	**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 DKK 6,299 thousand at 30 June 2022. (2021: DKK 0 thousand).

3. Five-year financial highlights

DKK '000	2022/H1	2021/H1	2020/H1	2019/H1	2018/H1
SUMMARY INCOME STATEMENT					
Net interest and fee income	3,881	-177	-5	0	0
Value adjustments	-457	-112	-5	-3	0
Staff and administrative expenses	30,731	11,761	7,512	10,742	2,886
Impairment charges for loans, advances and receivables	3,871	0	0	0	0
Profit (loss) before tax	-32,257	-12,050	-7,591	-10,745	-2,886
Tax	0	0	0	0	0
Profit (loss) for the period	-32,257	-12,050	-7,591	-10,745	-2,886
SUMMARY BALANCE SHEET, END OF PERIOD					
Loans, advances and other receivables	452,036	0	0	0	0
Equity	153,586	129,845	3,233	2,291	23,189
Total Assets	660,954	134,629	8,396	7,500	24,214
FINANCIAL RATIOS					
Total capital ratio, %	44.8	279.8	-	-	-
Tier 1 capital ratio, %	44.8	279.8	-	-	-
Return on equity before tax, %	-19.1	-18.4	-	-	-
Return on equity after tax, %	-19.1	-18.4	-	-	-
Income:Cost ratio	0.1	0.0	-	-	-
Interest rate risk, %	1.4	0.4	-	-	-
Currency position	0.0	0.0	-	-	-
Loans and advances: deposits	0.9	0.0	-	-	-
Loans and advances: equity	2.9	0.0	-	-	-
LCR, %	7,378	-	-	-	-
Sum of large exposures, %	163	0	-	-	-
Growth in loans and advances for the period, %	841	-	-	-	-
Impairment charges for the period, %	0.8	0.0	-	-	-
Return on assets, %	-4.9	-9,0	-	-	-

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

4. Value adjustments

DKK '000	2022/H1	2021/H1
Bonds at fair value	-431	-116
Foreign exchange	-27	4
Total value adjustments	-457	-112

5. Impairment charges for loans, advances and receivables

DKK '000	2021	2020
Impairment provisions for new loans and advances (additions)	4,087	0
Additions as a result of changes in credit risk	0	0
Releases as a result of change in credit risk	-216	0
Previously written down for impairment, now written off	0	0
Total impairment provisions	**3,871**	**0**

DKK '000	Stage 1	Stage 2	Stage 3	impair-ment on initial recog-nition	Total
Total, 1 January 2022	**477**	**0**	**0**	**0**	**477**
Impairment provisions for new loans and advances (additions)	3,722	365	0	0	4,087
Additions as a result of changes in credit risk	0	0	0	0	0
Releases as a result of change in credit risk	-216	0	0	0	-216
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, 30 June 2022	**3,983**	**365**	**0**	**0**	**4,348**

DKK '000	Stage 1	Stage 2	Stage 3	impair-ment on initial recog-nition	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**

6. Tax

DKK '000	2022/H1	2021/H1
Current tax for the year	0	0
Deferred tax adjustment for the year	0	0
Total	**0**	**0**

As of 30 June 2022 the bank has unrecognised deferred tax assets between 28 – 32 mDKK that can be set off against future taxable income.

7. Loans, advances and other receivables at amortised cost

DKK '000	2022/H1	2021/H1
Bank loans and advances at fair value	0	0
Loans, advances and other receivables at amortised cost	452,036	0
Total	**452,036**	**0**

8. Contractual obligations and contingencies

On 30 June 2022 granted loans amounted to DKK 40,965 thousand.

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 A/S .

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 DKK 8,875 thousand as of end-June 2022. The bank has entered into a 3 years office lease contract regarding the premises in Vedbæk with obligations that amount to DKK 8,420 thousand as of end-June 2022. The office lease will be capitalised when the new premises are taken into use.

9. Related parties

Related parties include members of the Executive Management and members of the Executive Board. All transactions with related parties are carried out on market terms.

10. Shareholder register

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

- J. Norby Holding ApS, Aarhus C
- Equilibria ApS, København K
- Holdingselskabet 17.07.2017 ApS, Vedbæk
- Fintech Holding ApS, Holte
- Capital 19 Holding ApS, Charlottenlund
- Wandt Invest ApS, Hørsholm
- Oryza Capital SL, Valencia, Spain

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