

Lunar Bank A/S
Hack Kampmanns Plads 10
8000 Aarhus C
CVR no. 39 69 76 96

LUNAR[®]

**SUPPLEMENTARY/CORRECTIONAL
INFORMATION TO THE INTERIM REPORT**

FIRST HALF 2022

CONTENTS

Company information	2
Statement by Management	3
Management's review	4
Income statement and comprehensive income	5
Balance sheet	6
Statement of changes in equity	7
Capital and solvency	8
Financial highlights	9
Notes	10

Company information

Company	Lunar Bank A/S Hack Kampmanns Plads 10 8000 Aarhus C CVR no. 39 69 76 96 Financial period: 1 January – 30 June 2022 www.lunar.app
Ownership	The company is fully owned by: Lunar Group A/S Hack Kampmanns Plads 10 8000 Aarhus C
Board of Directors	Claus Okholm (chairman) Vibeke Bak Solok Lotte Møllerup van Hauen Jens Peter Leschly Neergaard Lisa Lund Holst
Executive Board	Anders Hartlev (CEO) Morten Strande Sønderskov
Audit & Risk Committee	The Board of Directors in its entirety
Auditors	Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Statement by Management

The Danish Financial Supervisory Authority has informed Lunar Bank A/S that it is their view that supplementary/correctional information to the financial statements for the first half of 2022 is required. As a consequence Lunar Bank A/S has prepared this supplementary/correctional information to the interim report for the first half of 2022.

In our opinion, the information is in conformity with the Danish Financial Supervisory Authority's required actions in relation to their control of the interim report of Lunar Bank A/S for the first half of 2022.

This supplementary/correcting Information should be read in conjunction with the Interim report for the first half of 2022 to give a fair presentation of the financial position for Lunar Bank A/S at 30 June 2022 and of the results of Lunar Bank's operations for the financial period 1 January - 30 June 2022.

The Board of Directors and the Executive Board have today discussed and approved the supplementary/correctional information to interim report for the first half of 2022 for Lunar Bank A/S.

The supplementary/correctional information to the interim report has not been subject to audit or review.

Copenhagen, 22 December 2022

Executive Board:

Anders Hartlev
CEO

Morten Strande Sønderskov
COO

Board of Directors:

Claus Okholm
Chairman

Jens Peter Leschly
Neergaard

Lisa Lund Holst

Lotte Møllerup van Hauen

Vibeke Bak Solok

Management's review

To Management's review it is added:

Uncertainty relating to recognition and measurement

Following dialogues with the Danish Financial Supervisory Authority (DFSA), Lunar Bank has revised the assumptions underlying its measurement of goodwill related to the acquisition of Lendify. The consequence was a goodwill impairment charge relating to these activities of SEK 415.4m in the half year report for 2022. Consequently, Lunar Bank has adjusted the Financial Statements for the first half of 2022. Retrospectively, goodwill impairment of DKK 301.9m relating to the acquisition of Lendify AB in 2021 has been charged to profit/loss. The correction will affect profit/loss, the balance sheet, equity and capital statement in the Financial Statements for the first half of 2022. The restated comparative figures for the first half of 2022 have been applied in this Interim Report.

Capital

On 30 June Lunar Bank's own funds, less deductions, amounted to DKK 800.5 million including Tier 2 capital instruments. In accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force 23 December 2020, Lunar is able to recognise software assets in Common equity tier 1 capital which accounts for DKK 20.1 million on 30 June. Other intangible assets including goodwill amounting to DKK 382.4 million are deducted in the capital base. On 30 June Lunar Bank's own funds and eligible liabilities amounted to DKK 812.8 million.

The solvency need is calculated as DKK 291.7 million or 12.1% of REA on 30 June 2022. Lunar Bank's MREL-requirement as of 30 June 2022 is 33.5 pct. equivalent to DKK 809.4 million. Lunar Bank is therefore retrospectively in breach of the buffer section of the MREL-requirement by DKK 57 million. This is solely due to the fact the goodwill booked in SEK was hedged and only the goodwill can be written down retrospectively while this is not possible for the countering positions, hence leaving an unmatched market risk behind. The breach is therefore, of a temporary and technical nature, as the D-FSA on 28 June 2022 announced a new MREL-requirement with effect 1 July 2022. The new MREL-requirement is 22.2 pct. that is equivalent to DKK 536.4 million plus the combined buffer requirement of DKK 60.4 million. Furthermore, the unmatched positions were closed down as soon as it was decided to write down the goodwill.

Financial statements 1 January – 30 June

Income statement and comprehensive income

DKK'000	Original First half 2022	Correctional First half 2022	Change
Interest income	61,270	61,270	0
Interest expense	29,548	29,548	0
Net interest income	31,722	31,722	0
Fee and commission income	67,497	67,497	0
Fees and commission paid	23,299	23,299	0
Net interest and fee income	75,920	75,920	0
Market value adjustments	-4,311	-4,311	0
Staff costs and administrative expenses	423,415	423,415	0
Amortisation, depreciation and impairment charges	12,885	314,826	301,941
Loan impairment charges etc.	55,649	55,649	0
Income from investments in subsidiaries	-7,072	-7,072	0
Profit/loss before tax	-427,412	-729,353	-301,941
Tax for the year	0	0	0
Profit/loss after tax	-427,412	-729,353	-301,941
Other comprehensive income after tax	-79,239	-73,408	5,831
Total comprehensive income	-506,651	-802,761	-296,110

Financial statements 1 January – 30 June

Balance sheet

Note	DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
	ASSETS			
	Cash in hands and demand deposits with central banks	6,976,340	6,976,340	0
	Receivables from credit institutions and central banks	70,356	70,356	0
	Loans and other amounts due at amortised costs	1,550,125	1,550,125	0
	Bonds at amortised costs	1,315,936	1,315,936	0
	Investments in subsidiaries	60,721	60,721	0
1	Goodwill	585,334	289,224	-296,110
	Other intangible assets	113,233	113,233	0
	Other assets	589,037	589,037	0
	Prepayments	28,987	28,987	0
	TOTAL ASSETS	11,290,069	10,993,959	-296,110
	LIABILITIES AND EQUITY			
	Amounts due			
	Deposits	9,570,358	9,570,358	0
	Other liabilities	207,774	207,774	0
	Deferred income	17,798	17,798	0
	Total liabilities	9,795,930	9,795,930	0
	Provisions			
	Impairment charges on unused credit facilities	106	106	0
	Other provisions	2,688	2,688	0
	Total provision	2,794	2,794	0
	Subordinated debt			
	Subordinated debt	29,825	29,825	0
	Total subordinated debt	29,825	29,825	0
	Equity			
	Share capital	42,077	42,077	0
	Share premium	2,538,207	2,538,207	0
	Retained earnings	-1,118,764	-1,414,874	-296,110
	Total equity	1,461,520	1,165,410	-296,110
	TOTAL LIABILITIES AND EQUITY	11,290,069	10,993,959	-296,110

Financial statements 1 January – 30 June

Statement of changes in equity

DKK'000	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2021	41,926	395,574	-179,047	258,453
Capital increase	151	1,622,633	0	1,622,784
Group contributions	0	0	75,000	75,000
Net profit/loss for the year	0	0	-515,375	-515,375
Share-based payments	0	0	4,996	4,996
Other comprehensive income	0	0	728	728
Equity at 1 January 2022	42,077	2,018,207	-613,698	1,446,586
Capital increase	0	520,000	0	520,000
Net profit/loss for the year	0	0	-427,412	-427,412
Share-based payments	0	0	1,585	1,581
Other comprehensive income ¹	0	0	-79,239	-79,239
Equity at 30 June 2022 original	42,077	2,538,207	-1,118,764	1,461,520
Changes				
Exchange rate adjustment	0	0	5,831	5,831
Net profit/loss for the year	0	0	-301,941	-301,941
Equity at 30 June 2022 correctional	42,077	2,538,207	-1,414,874	1,165,410

During the first half of 2022 share capital was increased with nom. DKK 1 to a balance of DKK 42,077,075.

¹ Other comprehensive income comprises market value adjustments of NOK forward contracts”

Financial statements 1 January – 30 June

Capital and solvency

DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
Equity	1,461,520	1,165,410	-296,110
Deduction of Intangible assets ¹	-678,542	-382,432	296,110
Total core capital after deductions	782,978	782,978	0
Total core capital	782,978	782,978	0
Subordinated loan capital	30,000	30,000	0
Deductions in terms of maturity	-12,500	-12,500	0
Total own funds	800,478	800,478	0
Credit risk	2,014,969	2,014,969	0
Market risk	70,077	366,188	296,111
Operational risk ²	34,946	34,946	0
Total risk exposure	2,119,992	2,416,103	296,111
Key figures			
Core capital after deductions, ratio (%)	36.9	32.4	-4.5
Core capital ratio (%)	36.9	32.4	-4.5
Solvency ratio (%)	37.8	33.1	-4.7

¹ Goodwill and customer rights are fully deducted in Common equity tier 1 capital. Software assets are recognized with a prudent 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 20,094 thousand (30 June 2021: DKK 47,600 thousand). The deductions are included in the credit risk.

² Operational risk is partly derived based on budget figures as Lunar Bank has not realised core earnings for the last three years.

Financial statements 1 January – 30 June

Financial highlights

Income Statement (DKK'000)	Original First half 2022	Correctional First half 2022	Change
Net interest and fee income	75,920	75,920	0
Market value adjustments	-4,311	-4,311	0
Staff costs and administrative expenses	423,415	423,415	0
Write-downs on loans and receivables, etc.	55,649	55,649	0
Profit/loss for the period	-427,412	-729,353	-301,941

Balance sheet (end of period) (DKK'000)

Loans at amortised costs	1,550,125	1,550,125	0
Total assets	11,290,069	10,993,959	-296,110
Deposits	9,570,358	9,570,358	0
Equity	1,461,520	1,165,410	-296,110

Ratios and key figures

Own funds	800,478	800,478	0
Solvency ratio (%)	37.8	33.1	-4.7
Core capital ratio (%)	36.9	32.4	-4.5
Return on equity before tax (%)	-40.5	-76.2	-35.7
Return on equity after tax (%)	-40.5	-76.2	-35.7
Interest-rate risk	0.0	0.0	0
Currency position	9.0	46.8	37.8
Loans relative to deposits (%)	16.2	16.2	0
Gearing of loans, end of year (%)	106.1	133.0	26.9
Cover relative to statutory liquidity requirements (%)	814.6	814.6	0
Net impairment ratio (%)	5.2	5.2	0
Return on assets (%)	-3.8	-6.6	-2.8
Average number of full-time employees	130	130	0

Financial ratios and key figures are calculated in accordance with the Danish Finance Society's guidelines.

As Lunar Bank were established on 27 June 2018, only key figures the period 2019 – 2021 are disclosed. As Lunar Bank received the bank licence in August 2019, no ratios have been calculated for previous periods.

Financial statements 1 January – 30 June

Notes

1 Intangible assets, Goodwill

DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
Cost at 1 January 2022	613,540	613,540	0
Exchange rate adjustments	-28,206	-28,206	0
Additions	0	0	0
Cost at 30 June 2022	585,334	585,334	0
Impairment at 1 January 2021	0	0	0
Exchange rate adjustments	0	5,831	5,831
Impairment losses	0	-301,941	-301,941
Impairment losses at 30 June 2022	0	-296,110	-296,110
Carrying amount at 30 June 2022	585,334	289,224	-296,110

LUNAR[®]