

LUNAR

Lunar Bank **Interim Report H1** 2025

Lunar Bank A/S
Hack Kampmanns Plads 10
8000 Aarhus C
CVR 39 69 76 96

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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 2025
www.lunar.app

Ownership

The company is fully owned by:

Lunar Group A/S
Hack Kampmanns Plads 10
8000 Aarhus C

Board of Directors

Timothy Tracy Brooke Thom (Chairman)

Claus Okholm

Lars Andersen

Klaus Østergaard

Jens Peter Leschly Neergaard

Jens Mikael Kristoffer Ismunden

Ole Reinhold Nordbye

Executive Board

Ken Villum Guldbrandt Klausen (CDO)

Jonas Kjær Leed (CLO)

Robert Nils Stambro (CFO)

Auditors

Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab

Strandvejen 44
2900 Hellerup

A photograph of a modern, bright office space. The room features light-colored wooden flooring and a white ceiling with recessed circular lights. Large windows on the left side provide ample natural light. In the foreground, a white desk with a wooden base holds a white vase with a bouquet of pink and orange flowers. A green rectangular overlay with white text is positioned in the center of the image. In the background, several workstations are visible, each with a desk, a chair, and a computer monitor, separated by light-colored fabric partitions. A potted plant is also visible on the left side of the frame.

**Statement
by Management.**

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the interim report – First Half 2025 of Lunar Bank A/S.

The interim report of Lunar Bank 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').

In our opinion, the financial statement give a true and fair view of the financial position of the company as of 30 June 2025 and of the results of Lunar Bank's operations for the period of 1 January – 30 June 2025.

Further, in our opinion, the management's review gives a true and fair review of the development in the company's operations and financial matters, the results for the first half year and Lunar Bank's financial position, as well as a description of the material risk and uncertainty factors which may affect bank.

The interim report has not been subject to audit nor review.

Copenhagen, 29 September 2025

Executive Board:

Ken Villum Guldbrandt Klausen (CDO)

Jonas Kjær Leed (CLO)

Robert Nils Stambro (CFO)

Board of Directors:

Timothy Tracy Brooke Thom (Chairman)

Claus Okholm

Lars Andersen

Klaus Østergaard

Jens Peter Leschly Neergaard

Jens Mikael Kristoffer Ismunden

Ole Reinhold Nordbye

**Management
Review.**

Management Review

Our Business Model & Strategic Outlook

Lunar is a Nordic digital bank with more than 1 million private users and 35,000 business customers across Denmark, Sweden, and Norway. With our own banking license and infrastructure, we operate as an independent player in a region known for both advanced digital adoption and concentrated banking structures.

Our ambition is to be the best everyday bank in the Nordics, making it easier, safer, and smarter for people and businesses to manage money. We focus on simple digital tools for daily banking, complemented by relevant products through partnerships, while maintaining strong standards in financial crime prevention and compliance to protect our users.

Customer satisfaction is central to us. With a Trustpilot rating of 4.6, Lunar continues to stand out as a bank built around transparency, safety, and ease of use.

Going forward, we will continue to strengthen our core offering and introduce new products within a regulated environment — combining innovation with responsibility to support long-term growth.

Management Review

Business Model

Lunar's business model is built on a broad range of products and services that together provide diversified revenue streams, ensuring resilience in a changing market. Our approach remains rooted in transparency, fair banking, and continuous innovation.

In H1 2025, we strengthened this model through the launch of new features across both consumer and business banking, as well as the expansion of our banking services platform to Moonrise. As Lunar's Banking-as-a-Service offering, Moonrise is enabling fintechs, PSPs, and other enterprises to access core banking products, such as accounts, payments, and compliance services, through Lunar's regulated infrastructure. With this, Lunar leverages years of investment in proprietary systems to meet the growing demand for BaaS across the Nordics. By the end of June, Moonrise had secured 16 enterprise customers, with a strong pipeline expected to contribute to revenues in H2 2025 and beyond.

Our tier-based model continues to show strong traction. More than 50% of new private users now choose a paid plan within their first week, and Lunar has reached 143,000 private customers and 35,000 business customers on paid tiers. This underlines the scalability of our offering and the relevance of our product features.

Operational efficiency has also been a priority. In H1 2025, we introduced increased use of AI in both customer support and business onboarding. Our AI assistant now resolves 85% of support cases on its own, compared to 70% in 2024, with consistently high user satisfaction, enabling faster resolution and freeing up human advisors for more complex matters. In parallel, AI-supported business onboarding has significantly reduced handling times, leading to record approval volumes — with nearly 1,800 new businesses onboarded in June alone, meaning one in three newly founded Danish companies now choose Lunar.

Going forward, we will continue to expand our consumer, business, and Moonrise offerings, combining new revenue opportunities with a focus on automation, efficiency, and user satisfaction.

Management Review

Strategic Outlook

Lunar's long-term ambition remains unchanged: to be the best everyday bank in the Nordics through a digital, user-centric approach.

In 2025, we continue to build on our presence across Denmark, Sweden, and Norway with an aligned product offering. Sweden has been a key focus market in H1, where we have seen strong traction in our business banking proposition. Record onboarding levels have accelerated growth, and Sweden is now on track to reach, and in some areas surpass, the volumes we see in Denmark. This highlights the scale of the SME opportunity in Sweden, where entrepreneurs are actively seeking alternatives to traditional banks and engaging deeply with our platform. In H2 2025, we will broaden our geographical focus to Norway, starting with business banking and later expanding into consumer.

A key differentiator in our business banking growth is our ability to combine efficiency with compliance in onboarding. Our processes are faster than the traditional banking industry, which means many companies choose to start their business journey with Lunar. This has resulted in record volumes, with nearly 1,800 new businesses onboarded in June alone and, for the first time in August, more Swedish than Danish companies joining.

Moonrise, our Banking-as-a-Service platform, remains a growth driver. Demand from enterprise clients continues to increase, and we are scaling the platform while strengthening compliance, monitoring, and client success capabilities to secure long-term partnerships.

Alongside this, Lunar is preparing to re-enter the lending market with a dedicated team bringing extensive Nordic expertise. The lending landscape remains fragmented across the region, and our approach will be measured, focused on building a robust lending engine and a user-friendly product that can scale sustainably over time.

Management Review

Financial Review

The result for the first half of 2025 shows a loss before tax of DKK 104.7m (2024: DKK 115.1 m). The result was slightly better than expectations and marks an improvement from H1 2024 of 9%.

Total operating income decreased by 5.4% to DKK 245.8m (2024: DKK 259.9m). The loan book was sold and closed down in Q3 2024 which means that the comparison period H1 2024 contained interest rate earnings of DKK 65.9m from the sold loan book. By deducting for that income, the underlying income grew by 21% Year over year.

Net fee income increased by 46% to DKK 158.1m (108.0m). This improvement was due to a 47% increase in business users, and a 73% rise in transactions running over the platform. Fee income now represents 64% of total income, up from 42% in H1 2024.

Operating expenses decreased by DKK 16.6m to DKK 343.6m (2024: DKK 360.2m). This reduction of 5% is attributed to the continuous review of operational expenses, process automation, and efficiency improvements to enhance scalability.

Net credit losses decreased by 51% and amounted to DKK 7.3m (2024: DKK 14.8m) driven by the sale of the Swedish loan book.

Events after Balance Sheet

No further events occurred after the balance sheet day.

Management Review

Assumptions and Uncertainties

On an ongoing basis, management assesses the Bank's capital resources in order to evaluate the soundness of the Company's investments in expansion.

Based on Lunar's approved budgets and planned initiatives to ensure a faster road to profitability and support further development of the product offering to Consumers and Business across the Nordics, management assesses that through 2025 the bank will comply with regulatory capital requirements. In the nature of budget planning, internal and external factors may create uncertainties related to realizing those and in the event of delayed time to profitability or delayed impact of new product offerings, management has established several contingency options related to the capital base which are considered sufficient to enable the bank to comply with regulatory capital requirements throughout 2025.

Capital and Liquidity

Lunar Bank received a capital injection on DKK 30m in January 2025 and issued a T2 instrument of EUR 17.4m during Q2 2025. On 30 June 2025, Lunar Bank's own funds amounted to DKK 585m, equivalent to a total capital ratio of 33.3%.

Management has in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) determined the required own funds to cover the current and expected risks for the next 12 months. The Bank's required own funds, excluding regulatory buffers and the MREL requirement, is determined to be DKK 234m or 13.3% of the total Risk Exposure Amount at the end of June 2025.

The total capital requirement, including MREL and regulatory capital buffers, is DKK 409m, equivalent to 23.3% of total Risk Exposure Amount. The leverage based MREL requirement is DKK 371m, corresponding to 3.4% of the Total Exposure Measure.

The Bank has a robust liquidity profile, with the Liquidity Coverage Ratio (LCR) at 1,203% and the Net Stable Funding Ratio (NSFR) at 1,049% at the end of June 2025. This should be compared to the regulatory minimum requirement of 100% for both ratios.

Management Review

Financial Outlook

Lunar is on the path to profitability and expect to:

- Reach breakeven in 2026
- Reach a profit before tax for the full year 2025 of DKK -150m to DKK -200m excluding exceptional items (NRI).

Supervisory Diamond

The Danish FSA has identified a number of specific risk indicators for banks and mortgage institutions and has set threshold values with which all Danish banks must comply. These requirements are known as the Supervisory Diamond.

As of 30 June 2025, Lunar Bank complies with all thresholds of the Supervisory Diamond.

(%)	Threshold	30 June 2025	31 December 2024
Sum of large exposures	<175	0	0
Lending growth	<20	-98,0	-98,6
Real property exposure	<25	0	0
Liquidity indicator	>100	1187,30	1001,59

Management Review

Risk Management - Significant Events During the Period

The first half of 2025 was, has, from a Risk Management perspective, been a period with focus on strengthening processes and consolidation of the foundation for managing the risks of Lunar. The operational risk management processes have been restructured leading to stronger data foundation. IT Risk Management processes have been strengthened as part of the implementation of DORA requirements. Especially within the processes managing the financial risks of Lunar we have seen an improved maturity in terms of our ability to understand and manage our risks. Additionally, we have updated our framework and processes for setting risk appetites across risk types, which together with the activities mentioned above, will allow Lunar to have a strong foundation for taking on the right risks at the right point in time with open eyes.

For further information regarding Risk Management arrangements at Lunar, please refer to the Lunar Risk Report 2024, which is publicly available on the company homepage.

A modern office interior with light wood flooring, white walls, and large windows. In the foreground, there are white rolling dividers and a grey office chair. In the background, there are glass-walled meeting rooms with black frames. A large green sign with white text is overlaid in the center. To the right, there is a potted plant with large green leaves in a grey concrete pot.

Financial Statements.

Financial Statements

1 January – 30 June 2025

→ Income Statement and Comprehensive Income.

tDKK			
Lunar Bank	First half 2025	First half 2024	Full year 2024
Interest income	117,518	233,519	410,630
Interest expenses	29,826	81,667	142,365
Net interest income	87,692	151,853	268,265
Fee and commission income	191,480	129,086	291,270
Fee and commission expenses	33,386	21,066	43,598
Net interest and fee income	245,786	259,873	515,937
Other operating income	406	0	0
Other operating expenses	0	0	188,604
Market value adjustments	-4,166	7,980	3,245
Staff costs and administrative expenses	307,061	339,117	703,345
Amortisation, depreciation and impairment charges	32,391	29,054	75,023
Loan impairment charges, etc.	7,291	14,773	57,378
Profit/loss before tax	-104,717	-115,091	-505,167
Tax for the year	0	0	-1,941
Profit/loss after tax	-104,717	-115,091	-503,226
Currency adjustments	-201	1,363	4,039
Other comprehensive income after tax	0	-5,437	-11,926
Total comprehensive income	-104,718	-119,166	-511,114

Financial Statements

1 January – 30 June 2025

→ Balance Sheet.

tDKK

Note

Lunar Bank	30 June 2025	30 June 2024	31 December 2024
Assets			
Cash in hand and demand deposits with central banks	2,865,631	7,882,108	7,002,720
Receivables from credit institutions and central banks	185,138	121,977	121,105
Loans and other amounts due at amortised cost	20,116	1,016,141	15,009
Bonds at amortised cost	7,439,015	2,301,776	4,105,296
Other intangible assets	179,286	162,940	156,109
Tangible assets	14,619	0	0
Other assets	227,612	167,452	158,489
Prepayments	66,890	19,104	14,171
Tax recievables	2,398	0	1,973
Total assets	11,000,705	11,671,498	11,574,872

Financial Statements

1 January – 30 June 2025

→ Balance Sheet.

tDKK

Note

Lunar Bank	30 June 2025	30 June 2024	31 December 2024
Liabilities and equity Amounts due			
8 Deposits and other debt	9,895,048	10,571,403	10,616,871
Other liabilities	362,100	147,269	274,580
Deferred income	41,467	35,876	39,896
Total amounts due	10,298,615	10,754,548	10,931,347
Provisions			
Impairment charges on unused credit facilities	377	218	0
Total provision	377	218	0
Subordinated debt			
Subordinated debt	160,908	29,945	29,975
Total subordinated debt	160,908	29,945	29,975
Equity			
9 Share capital	42,577	42,077	42,077
Share premium	3,718,387	3,525,872	3,644,471
Retained earnings	-3,220,159	-2,681,162	-3,072,999
Total equity	540,805	886,787	613,550
Total liabilities and equity	11,000,705	11,671,498	11,574,872

Financial Statements

1 January – 30 June 2025

→ Statement of Changes in Equity.

tDKK				
Lunar Bank				
	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2024	42,077	3,300,658	-2,562,148	780,587
Open balance adjustment	0	0	43	43
Group Contributions	0	343,813	0	343,813
Exchange rate adjustments	0	0	4,039	4,039
Net profit/loss for the year	0	0	-503,227	-503,227
Exchange rate adjustments	0	0	221	221
Share-based payments	0	0	-11,926	-11,926
Other comprehensive income				
Equity at 1 January 2025	42,077	3,644,471	-3,072,998	613,550
Lunar Way merger effects	500	45,000	-42,243	3,259
Group Contributions	0	28,916	0	28,916
Exchange rate adjustments	0	0	-201	-201
Net profit/loss for the period	0	0	-104,717	-104,717
Share based payments	0	0	0	0
Other comprehensive income	0	0	0	0
Equity at 30 June 2025	42,577	3,718,387	-3,220,159	540,805

The share capital comprises shares of nominal value: DKK 1 each. Total outstanding shares as of 30 June 2025 are 42,577,083 (31 December 2024: 42,077,079)

Financial Statements

→ Capital and Solvency.

1 January – 30 June 2025

tDKK			
Lunar Bank	30 June 2025	30 June 2024	31 December 2024
Equity	540,805	886,787	613,550
Deductions¹	-85,267	-88,743	-66,008
Total core capital after deductions	455,538	798,044	547,542
Total Tier 1 capital	455,538	798,044	547,542
Subordinated loan capital	129,596	6,000	3,000
Total capital base	585,134	804,044	550,542
Eligible liabilities	0	23,945	0
Own funds and eligible liabilities	585,134	827,989	550,542
Credit risk	1,156,879	1,111,665	301,241
Market risk	30,875	34,542	30,945
Operational risk	568,206	426,284	719,312
Total risk exposure	1,755,960	1,572,491	1,051,498
Key figures			
Core capital after deductions, ratio (%)	25,9	50.8	52.1
Tier 1 capital ratio (%)	25,9	50.8	52.1
Total capital ratio (%)	33,3	51.1	52.4
OFEL ratio	33,3	52.72	52.4

¹ 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 96,559 thousand (31 December 2024: DKK 91,684 thousand)

Financial Statements

→ Financial Highlights.

1 January – 30 June 2025

tDKK

Lunar Bank	Half year 2025	Half year 2024	Full year 2024	Full year 2023	Full year 2023	Full year 2021
Net interest and fee income	245,786	259,873	515,937	395,745	194,078	46,906
Market value adjustments	-4,166	7,980	3,245	-6,186	48,081	-1,154
Staff costs and administrative expenses	307,061	339,117	703,345	689,562	883,937	494,744
Write-downs on loans and receivables, etc.	7,291	14,773	57,378	46,746	138,821	45,948
Income from group undertakings	0	0	0	-10,624	-54,355	0.0
Profit/loss for the period	-104,717	-115,091	-503,226	-406,840	-1,476,340	-519,960
Balance sheet (end of period)						
Loans at amortised costs	20,116	1,016,141	15,009	1,067,135	1,855,025	1,448,586
Total assets	11,000,705	11,671,498	11,574,872	11,576,295	11,073,288	10,019,876
Deposits	9,895,048	10,571,403	10,616,871	10,623,824	9,979,676	8,376,764
Equity	540,805	886,787	613,550	780,587	733,232	1,442,045
Ratios and key figures						
Own funds	585,134	804,044	550,542	710,876	676,010	787,758
Total capital ratio (%)	33.3	51.1	52.4	40.0	36.1	80.9
Tier 1 capital ratio (%)	25.9	50.8	52.1	39.5	35.4	78.8
Return on equity before tax (%)	-18.1	-13.8	-72.5	-54.2	-136.0	-61.2
Return on equity after tax (%)	-18.1	-13.8	-72.2	-53.8	-135.7	-61.2
Interest-rate risk	0.0	0.0	0	0.0	0.1	0.8
Currency position	6.8	4.3	5.7	4.0	0.1	0.3
Loans relative to deposits (%)	0.6	11.2	0.4	11.4	19.9	17.9
Gearing of loans, end of year (%)	10.2	133.9	6.9	155.1	253.0	100.45
Lending growth	-98.0	-4.8	-98.6	-42.5	28.0	11,133.7
LCR (%)	1,203.2	1,069.0	1,129.5	908.3	901.2	1,008.0
Sum of large exposures	0.0	0.0	0	0.1	0.6	0.9
Net impairment ratio (%)	63.4	14.4	64.7	11.9	6.9	3.3
Return on assets (%)	-1.0	-1.0	-4.3	-3.5	-14.0	-9.2
Average number of full-time employees	348	112.7	97	126	144	95
Income/cost ratio (%)	0.7	70.0	0.6	48.0	11.0	9.0

The financial ratios and key figures are calculated in accordance with the Danish Finance Society’s guidelines.



Financial Statements

1 January – 30 June 2025

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Financial Statements

1 January – 30 June 2025

→ **Notes.**

1 Basis of Preparation

The interim report of Lunar Bank 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 used in the preparation of the financial statements are consistent with those of last year's annual report.

The interim report is presented in DKK thousands.

2 Significant accounting estimates, assumptions, and uncertainties

The preparation of half year report requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the bank's accounting policies.

The judgements, estimates, and the related assumptions made are based on future expectations, historical experience, and other factors that management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

On an ongoing basis, management reviews Lunar Bank's capital resources in order to assess the soundness of the Bank's investments in expansion.

In the nature of realising plans, internal and external factors may create uncertainties, and in the event of delayed time to profitability, management has established contingency options related to the capital base. Together with the capital raise this has been considered sufficient to enable the bank to comply with regulatory capital requirements.

3 Financial highlights

Financial highlights are disclosed on page 20.

Financial Statements

1 January – 30 June 2025

→ Notes.

tDKK			
Lunar Bank	First half 2025	First half 2024	Full year 2024
Market value adjustment			
Bonds at amortised cost	0	10,786	10,786
Foreign exchanges	4,098	-107,924	-19,996
Financial instruments measured at fair value	-5,822	11,271	12,516
Other liabilities	-2,442	93,847	-60
Total	-4,166	7,980	3,245
Loan impairments charges, etc.			
Change on ECL during year	7,332	-11,715	11,607
Realised losses	-41	26,488	43,463
Other movements	0	0	2,308
Total	7,291	14,773	57,378

Financial Statements

1 January – 30 June 2025

→ Notes.

tDKK

Note

Lunar Bank

First half
2025

First half
2024

Full year
2024

6

Receivables from credit institutions and central banks

Central banks

Credit institutions

Total

Distribution of terms by maturity

Overnight

Up to 3 months

Total

7

Loans and other amounts due at amortised cost

Customer loans

Total

Distribution of terms by maturity

Overnight

Up to 3 months

From 3 month to 1 year

From 1 year to 5 years

More than 5 years

Total

0

185,138

185,138

185,138

0

185,138

20,116

20,116

0

1,501

9,430

9,185

0

20,116

0

121,977

121,977

121,977

0

121,977

1,016,141

1,016,141

430

315

5,360

133,265

876,771

1,016,141

0

121,105

121,105

121,105

0

121,105

15,009

15,009

0

214

4,500

10,295

0

15,009

Financial Statements

1 January – 30 June 2025

→ Notes.

tDKK

Note

Lunar Bank

First half
2025

First half
2024

Full year
2024

8

Deposits broken down by maturity

Deposits	9,895,048	10,571,403	9,939,615
Term deposits	0	0	677,256

Total	9,895,048	10,571,403	10,616,871
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Deposits by terms of maturity

Overnight	9,651,204	9,972,473	9,939,615
Up to 3 months	79,606	114,652	218,805
From 3 month to 1 year	135,420	314,783	307,024
From 1 year to 5 years	28,817	169,495	151,427
More than 5 years	0	0	0

Total	9,895,048	10,571,403	10,616,871
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All deposits are related to customer transaction accounts.

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1 January – 30 June 2025

→ Notes.

tDKK

Lunar Bank			
	First half 2025	First half 2024	Full year 2024
9 Share capital			
Opening amount	42,577	42,077	42,077
Capital increases	0	0	0
Closing amount	42,577	42,077	42,077
Number of shares	42,577,083	42,077,079	42,077,079

Lunar Bank does not hold own shares.

The share capital comprises shares of DKK 1 nominal value each. There has been no capital increases during H1 2025.

Financial Statements

1 January – 30 June 2025

→ **Notes.**

10 Contractual obligations and contingencies, etc.

Contingent liabilities

Of the total value of bond holdings, 434,763 tDKK has been provided as collateral to other credit institutions (31 December 2024: 429,288 tDKK).

The Bank participates in the Danish Guarantee Fund. The Danish Guarantee Fund is currently fully funded, but if the fund subsequently does not have sufficient means to make the required payments, extraordinary contributions of up to 0.5% of the individual institution's covered deposits may be required. Contributions are made on the basis of size and risk relative to other credit institutions in Denmark. The contribution to the Danish Guarantee Fund is recognised as an operating expense.

The Bank also participates in the Resolution Fund. If the fund does not have sufficient means to make the required payments, extraordinary contributions may be required. Payments to the Danish Restructuring Fund are calculated on the basis of the individual credit institution's share of covered deposits relative to other credit institutions in Denmark.

Lunar Bank participates in a Danish joint taxation arrangement in which Lunar Group serves as the administrative company. According to the joint taxation provisions of the Danish Corporation Tax Act, Lunar Bank is liable for income taxes, etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties, and dividends for the jointly taxed entities.

Lunar Bank is registered jointly with all Danish entities of Lunar Group for financial services employer tax and VAT, for which Lunar Group A/S and the entities are jointly liable.

Financial Statements

1 January – 30 June 2025

→ Notes.

11 Financial risks and policies and objectives for the management of financial risks

Lunar Bank is exposed to different types of risks. The purpose of Lunar’s Risk Management 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 risk are the following:

- Credit risk: The risk of loss arising from the failure of a borrower or obligor to meet their contractual obligation towards Lunar
- 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
- Capital risk: The risk of insufficient capital negatively affecting the bank’s ability to pursue its business strategy

Credit risk

Lunar Bank is for the time being not actively offering credit products. For the existing portfolio, the ambition is to limit impairment volatility and ensure adequate management overlays to cover for risks not included in the impairment calculations.

When assessing the credit exposures of loans and credit facilities, the starting point is the identification of the credit risk of the counterparty.

For existing customers in Lunar, individual rules or the internally developed PD-score model is applied.

Financial Statements

1 January – 30 June 2025

→ Notes.

tDKK

Lunar Bank

Note

11 Financial risks and policies and objectives for the management of financial risks

Below, the gross credit exposure on 30 June 2025 is distributed in rating scales:

	Stage 1	Stage 2	Stage 3	Total
A	19	0	-3,664	-3,645
B	0	0	0	0
B-C	79	0	0	79
C	0	0	0	0
D	0	0	0	0
D-E	0	0	0	0
E	0	0	0	0
F	1,356	797	56,381	58,534
Gross carrying amount at 30 June	1,455	797	52,717	54,968
Distribution in segments				
Public institutions	0	0	0	0
Business, including:				
Construction	26	62	1,238	1,327
Retail	69	46	893	1,007
Transport, hotels and restaurants	48	26	722	797
Information and communication	5	34	313	353
Services	90	96	2,710	2,896
Finance and insurance	10	50	799	858
Other segments	66	91	1,332	1,489
Business, total	314	406	8,007	8,727
Private	1,141	391	44,710	46,242
Total	1,455	797	52,717	54,968

Loans are issued without any provided security.

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11 Financial risks and policies and objectives for the management of financial risks

Below, the gross credit exposure on 31 December 2024 is distributed in rating scales:

	Stage 1	Stage 2	Stage 3	Total
A	0	0	0	0
B	0	0	0	0
B-C	227	3	0	230
C	0	0	0	0
D	0	0	0	0
D-E	0	0	0	0
E	0	0	0	0
F	2,420	950	38,929	42,299
Gross carrying amount at 31 December	2,647	953	38,929	42,529

Distribution in segments

Public institutions	0	0	0	0
Business, including:				
Construction	161	79	1,382	1,623
Retail	67	105	613	785
Transport, hotels and restaurants	35	41	796	872
Information and communication	19	42	340	402
Services	8	49	509	566
Finance and insurance	91	127	2,043	2,261
Other segments	70	33	922	1,025
Business, total	451	477	6,605	7,534
Private	2,196	476	32,323	34,995
Total	2,647	953	38,929	42,529

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Historically, the maximum loan granted to an individual customer has been 150 tDKK / 500 tSEK. Lunar Bank has established policies and processes for handling the loan portfolio and systematically conducts detailed monitoring.

As described in note 1, impairment losses on loans and credit facilities are recognised at the time of booking, provisioned with an amount equivalent to the expected credit loss over 12 months (stage 1). In the case of a significant deterioration in the credit risk, the asset will be provisioned with an amount equivalent to the expected credit loss over the remaining lifetime of the asset (stage 2). In the case objective indication of impairment is registered (stage 3), the asset will be provisioned with an amount equivalent to the expected credit loss over the remaining lifetime of the asset but based on a probability of default of 100%.

Due to model uncertainty, managerial adjustments are added on a monthly basis. As of 30 June 2025, managerial adjustments amount to DKK 69.7 thousand (31 December 2024: DKK 69.8 thousand).

Future macroeconomic developments are also taken into consideration by utilising a LOPI factor and a scenario approach, i.e., estimations of optimistic, baseline and pessimistic macroeconomic evolutions and their impact on expected credit losses are weighted based on the likelihood of the different scenarios to materialise.

The systematic monitoring of the loan portfolio comprises of reporting on relevant portfolio segmentation and is regularly prepared for internal committees with participation of the bank’s management. Also, separate reporting is prepared for scheduled Board of Directors meetings.

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Note

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Financial risks and policies and objectives for the management of financial risks (continued)

The table below show the changes in total impairment charges recognised at 30 June 2025 for loans at amortised cost.

Development on accumulated impairment charges on loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2025	164	390	26,967	27,520
ECL on new assets	96	244	3,792	4,132
Transfer to Stage 1	-81	4	266	189
Transfer to Stage 2	0	-134	590	456
Transfer to Stage 3	0	15	4,724	4,739
Assets derecognised	-8	-224	0	-232
Write-offs debited to the allowance account	0	0	-1,953	-1,953
Other movements	2	-3	0	-1
Impairment charges at 30 June 2025	174	292	34,387	34,852

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The table below shows the changes in total impairment charges recognised at 31 December 2024 for loans at amortised cost.

Development of accumulated impairment charges on loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2024	46,410	19,342	77,773	143,525
ECL on new assets	95	317	8,287	8,699
Transfer to Stage 1	-441	40	694	293
Transfer to Stage 2	0	-125	468	343
Transfer to Stage 3	0	5	3,968	3,973
Assets derecognised	-45,900	-19,189	0	-65,089
Write-offs debited to the allowance account	0	0	-64,223	-64,223
Other movements	0	0	0	0
Impairment charges at 31 December 2024	164	390	26,967	27,520

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Note

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Financial risks and policies and objectives for the management of financial risks (continued)

The table below shows the changes in total impairment charges recognised at 30 June 2025 for unused credit facilities.

Development of accumulated impairment charges for unused credit facilities

	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2025	0	0	0	0
ECL on new assets	0	0	0	0
Transfer to Stage 1	0	0	0	0
Transfer to Stage 2	0	0	0	0
Transfer to Stage 3	0	0	0	0
Assets derecognised	0	0	0	0
Write offs debited to the allowance account	0	0	0	0
Other movements	0	0	0	0
Impairment charges at 30 June 2025	0	0	0	0

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The table below shows the changes in total impairment charges recognised at 31 December 2024 for unused credit facilities.

Development of accumulated impairment charges on loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2024	73	15	71	158
ECL on new assets	0	0	0	0
Transfer to Stage 1	-7	0	0	-7
Transfer to Stage 2	0	0	0	0
Transfer to Stage 3	0	0	-18	-18
Assets derecognised	-65	-15	0	-80
Write-offs debited to the allowance account	0	0	-53	-53
Other movements	0	0	0	0
Impairment charges at 31 December 2024	0	0	0	0

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Market and liquidity risk

At Lunar, we recognize that assuming market and liquidity risk is an inherent aspect of our business operations. Our strategic approach is characterized by a low risk appetite for these exposures, and we specifically avoid engaging in overly complex financial structures. Consequently, our risk mitigation strategies for potential market fluctuations primarily involve the use of generic, highly liquid financial products.

Our liquidity buffer is robustly managed and comprises cash deposits at central banks alongside investments in Nordic government bonds and highly-liquid Nordic mortgage bonds. The latter predominantly includes Danish mortgage bonds that satisfy a minimum LCR (Liquidity Coverage Ratio) Level 1b classification. These bond holdings also serve a dual purpose by contributing to our interest rate risk management framework and acting as collateral for our financial counterparties.

Given our evolution into a cross-border organization, we anticipate expanding our liquidity management toolkit. This will include incorporating short-maturity government bonds from Norway and Sweden and utilizing repurchase agreements (repos). This diversification is expected to enhance our operational flexibility and align our practices more closely with prevailing market standards, ultimately serving the best interests of our shareholders.

We have assessed that this transition to a more flexible liquidity management framework will not introduce significant or elevated levels of complexity or risk. We view this adaptation as a natural progression in managing liquidity across diverse jurisdictions, each with unique requirements, while steadfastly maintaining our low-risk appetite.

Capital risk

Lunar has been able to attract external funding to ensure capital to cover for the planned investments in the Bank as is reflected in the capital planning. The objective of Lunar Bank’s capital management framework is to ensure that Lunar Bank has a sufficient level and quality of capital to support its business ambitions at all times and to absorb unexpected losses under a severe economic downturn without breaching regulatory capital requirements.

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Related parties

Lunar Bank is 100% owned by Lunar Group A/S, Hack Kampmanns Plads 10, 8000 Aarhus C. Lunar Group A/S is the ultimate parent company, and consolidated financial statements are available from The Central Business Register’s website: www.cvr.dk.

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Note

13 Fair value information for financial instruments

Bonds at amortised costs are recognized at DKK 7,439,015 thousand (31 December 2024: DKK 4,105,296 thousand) in balance sheet.

Lunar enters into financial derivative instruments, mainly short-term FX swaps and forward contracts. The purpose is to reduce the liquidity mismatch.

Lunar’s position of financial instruments at 30 June 2025 is disclosed in the table below.

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	Net nominal position (thousand)	Net market value (tDKK)	Positive market value (tDKK)	Negative market value (tDKK)
Forwards - EUR	EUR 0	0	0	0
Forwards - SEK	SEK 14,461	-66	6	-72
Forwards - NOK	NOK 638	0	0	0
Swaps – EUR	EUR 6,000	-7	0	-7
Swaps – SEK	SEK 932,000	-8,922	1,484	-10,406
Swaps – NOK	NOK 515,000	5,648	5,648	0

Of the total nominal net position of SEK swaps at 30 June 2025 SEK 445,000 thousand are placed in a short position, while there is SEK 1,377,000 thousan are placed in a long position.

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Note

13 Lunar’s position of financial instruments at 31 December 2024 is disclosed in the table below.

	Net nominal position (thousand)	Net market value (tDKK)	Positive market value (tDKK)	Negative market value (tDKK)
Forwards – SEK	SEK 16,972	21	389,000	-368
Forwards – DKK	NOK 4,000	-5	0	-5
Swaps – EUR	EUR 2,000	-3	0	-3
Swaps – SEK	SEK 917,025	4,974	4,974	0
Swaps – NOK	NOK 543,000	159	159	0

Of the total nominal net position of SEK swaps at 31 December 2024 SEK 917,025 thousand are placed in a long position, while SEK 0 thousand are placed in a short position.

LUNAR