

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

***LUNAR***<sup>®</sup>

# INTERIM REPORT

## H1 2023

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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 2023  
[www.lunar.app](http://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)  
Lotte Møllerup van Hauen  
Jens Peter Leschly Neergaard

### Executive Board

Vibeke Bak Solok (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 board of Directors and the Executive Board have today discussed and approved the Interim Report H1 2023 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 Investments Companies, etc. ('the Executive order').

In our opinion, the financial statements give a true and fair view of the financial position of Lunar Bank A/S at 30 June 2023 and of the results of Lunar Bank's operations for the financial period 1 January – 30 June 2023.

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

The interim report has not been subject to audit or review.

Copenhagen, 13. September 2023

Executive Board:

Vibeke Bak Solok  
CEO

Morten Strande Sønderskov

Board of Directors:

Claus Okholm  
Chairman

Lotte Møllerup van Hauen

Jens Peter Leschly Neergaard

## Management review

### Our business

Lunar Bank (defined as the entity Lunar Bank A/S) is part of Lunar Group (defined as all companies within the entity Lunar Group A/S) and as such the strategy in the Bank is a direct reflection of the mission and targets defined by Lunar Group. Therefore, the management review will on an overall level refer to the Group view, but contain elements where specific bank perspectives are applicable.

Lunar Group (hereafter referred to as Lunar or Lunar Group) is a financial technology company with a mission to pioneer how we all engage and thrive with money.

Lunars mission is to put the user back in control – by empowering them and simplifying their financial lives. At Lunar we therefore strive to go beyond banking, by building a rich ecosystem of high frequency financial products across investments, payments, business management and commerce enablement.

Lunar seeks to have an equal focus on private and business customers. We want to offer our services to a broad range of customers, private and businesses. Private users starting from a young age and up, businesses customers characterised by having a small and medium business set up and with simple financial needs. For both business and private customers, we want to create a product suite that inspires a new customer centric era. Where we put the customer front and centre, and don't leave them in the backseat. Lunar's product development will have the purpose to help the customers in their everyday life by adding transparency, flexibility, and fun to their financial life.

At Lunar we see an opportunity to differentiate considerably from other Nordic banks - by offering a simple and easy way to handle the day-to-day finances as well as offering relevant products through third-party integrations. This without compromising our high standards against financial crime.

Lunar is in the midst of shaping the future of banking and will therefore play a natural role in being a frontrunner in bringing new products into a regulated and non-regulated environment.

Today, Lunar Group has more than 750.000 customers across Denmark, Sweden and Norway, and above 480 employees in Lunar Group A/S whereas 30% works in Lunar Bank A/S.

The business model for Lunar is based on a range of products that all contributes with different revenue streams, to create a resilient approach to an everchanging market.

Today, the Lunar app is supplemented with a web-portal for business customers and the "ShareIt" app for customers and other users. Through these platforms Lunar offers all relevant services such as banking and payment products, third party products and special offers, benefits, and products, including non-regulated Lunar products to support customer loyalty. Combined these products and services generate a stable and recurring revenue, where the primary income is distributed between consumer and business tiers, interchange fees, financial products and third-party services. Lunar is currently working on a series of extended payment products.

### Financial review

The result of the first half of 2023 shows a loss after tax of DKK 233,4 million. The negative financial result was better than expected as Lunar has invested massively in developing new products, markets and growth, and the launch of new products across tiers.

In February 2023, Lunar Group successfully secured additional funding of DKK 260 million as a part of the path to profitability. Of this, Lunar Bank has received DKK 210 million in capital increase. During the first half of 2023, Lunar has continued its focus on cost and invested in making the organization scalable to support future growth and ensuring a path to profitability.

## Management review continued

The equity position in Lunar Bank totalled DKK 696,2 million at 30 June 2023 compared to DKK 733,2 million on 31 December 2022.

During the first half of 2023 Lunar Bank A/S has acquired 100 % of the loan portfolio owned by Lendify Finance 4 AB, a fully owned subsidiary of Lunar Bank A/S. The acquisition is done in order to reduce complexity within the group structure and after the transaction no activity is left in Lendify Finance 4 AB.

Furthermore, Lunar Bank A/S has sold-off the peer-to-peer (P2P) activities in Q2 2023. The transaction was closed mid-June 2023 and therefore all assets and liabilities related to the P2P activities is derecognised end of June 2023. The de-recognition resulted in a net loss of 10 MDKK. According to the sale agreement Lunar Bank A/S has obtained an earnout for the next 56 months.

### Outlook

Lunar continues its strong focus on meeting our customer expectations and continue to be the highest rated financial app in the Nordics. In H2 2023 Lunar will continue growth in the user base – both private and business users. Further several new products will be introduced across the markets, i.e., Banking Services.

Due to continued investments and expenses related to creating parity across the Nordics, Lunar expects to realise a loss after tax in 2023 of 375-425m. Lunars are currently working on a series of extended payment products.

### Uncertainty relating to recognition and measurement

On an ongoing basis, management assess the Bank's capital resources in order to assess the soundness of the Bank'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 2023 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 2023.

### 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. The requirements are known as the Supervisory Diamond. As of 30 June 2023, Lunar Bank complied with alle benchmark limits of the Supervisory Diamond. Lending growth was breached per 31 December 2022 as Lunar is a newly established bank and the loan book was in a build-up phase.

(%)	Threshold	30 June 2023	31 December 2022
Sum of large exposures	<175	0.2	0.6
Lending growth	<20	-50.4	28.0
Real property exposure	<25	0	0
Liquidity indicator	>100	963.2	901.2

## Management review continued

### **Capital and liquidity**

At 30 June 2023 Lunar Bank's own funds, less deductions, amounted to DKK 635,7 million including Tier 2 capital instruments. In accordance with Commission Delegated Regulation (EU) 2020/2176 that entered into force 23 December 2020, Lunar is able to recognise software assets in Common equity Tier 1 capital which accounts for DKK 98,6 million on 30 June. Other intangible assets including goodwill amounting to DKK 72,4 million are deducted in the capital base. On 30 June Lunar Bank's own funds and eligible liabilities amounted to DKK 653,6 million.

The solvency need is calculated as DKK 318,3 million or 17.6% of REA on 30 June 2023. Excess to the combined buffer requirement amounts to DKK 232,5 million. With a risk based MREL requirement (including the combined buffer requirement) calculated to be DKK 541,5 million or 30.0% of REA, and a leverage based MREL requirement calculated to be DKK 462,1 million or 4.5% of the total exposure measure, excess to the highest MREL requirement is DKK 112.2 million. Please refer to note 2 regarding forecast and capital projections related to 2023.

Lunar calculated the liquidity requirements on the basis of the Liquidity Coverage Ratio (LCR). On 30 June 2023 LCR was calculated at 963% against 901% end December 2022. Lunar's Board of Directors has set an internal limit for LCR of 200 %. Based on the current requirements, the institute has a significant excess in relation to liquidity coverage in relation to regulatory requirements.

### **Risk Management**

2022 proved to be an extraordinary year from a risk management perspective. The sudden war in Europe, rapidly increasing interest rates, soaring energy prices, and accompanying record breaking inflation levels led to intensified risk focus across all risk types. On top of this, the broad D-FSA inspection shed light on a number of areas in need of adjustments and improvements, and it also had a negative impact on our reservations in the form of impairments and solvency requirements. Several of the D-FSA findings have been addressed already, and solving the remaining issues are progressing as planned.

Lunar applied its Risk Taxonomy to navigate the rapidly changing risk picture. This has ensured a wide analytical approach across pre-defined risk types minimising the risk of blind spots.

#### *Risk Governance*

Risk Management in Lunar is structured in accordance with the three lines model. Relevant committees are anchored at board and executive management level to decide on all relevant risks, and to monitor and perform oversight of risk exposure across risk types. Two committees has been established at executive management level. The FCP Committee is dedicated to address topics within financial crime prevention, whereas the Operational Risk Committee deals with a broad range of topics including operational risk incidents, IT and outsourcing.

Delegation of decisions-making competences as well as relevant escalation routes are formalised. This goes hand in hand with clear roles and responsibilities in the organisation with relevant functional separation between risk ownership and oversight.

#### *Risk Taxonomy & Risk Appetite*

The risk landscape in Lunar is defined by the Risk Taxonomy. It constitutes a common reference point and secures focus on all significant risk areas. All risk areas are assigned to high level managers in 1st line to ensure accountability. The Risk Taxonomy is considered as key in the foundation to protect Lunar and our customers. It is updated yearly to reflect the current activities of Lunar.

Risk appetite is defined in relevant Policies. For financial risk areas, the defined risk appetite is accompanied by relevant limits. Nominal limits exist to clarify our risk appetite within operational risk. For risks that are not quantifiable, the risk appetite reflects our willingness to incur impact on e.g. customers, reputation or of regulatory character.

### **Management review continued**

*Risk culture*

Management openly expresses the mindset and necessary qualifications Lunar wishes for our organisation to possess. Risk is not a topic for leaders or functions only, but a widespread task across the entire organisation. Employees at all levels are encouraged to ask for help and share any concerns they might have, and a whistleblower setup is in place. Both 1st and 2nd line continuously carry out activities supporting a sound risk culture - partly through day-to-day activities, and partly through activities with specific educational purposes.

*Control Environment & Reporting*

Lunar's fundamental ambition to build an integrated offering within banking, payments and investments remains unchanged, despite the shift of focus to the road to profitability. This is supported by the risk appetite level set by the board of directors. To support the risk framework and the decided risk appetite level, Lunar has in 2022 further enhanced the controls performed by the 2nd line and the reporting routines for selected risk focus areas and for incident reporting in particular. This gives a higher level of transparency for all levels of stakeholders - from BoD and executive management to the employees, which in turn enables fast re-prioritisation if needed.

Lunar will maintain focus on the governance around controls and reporting in the coming years for all risk types, including to mitigate effects from fast changes in number of employees.

This focus is natural as the business evolves, but it also reflects our ambition to conduct solid risk management across all three lines.

The main categories of financial risks are elaborated in note 15.

**Events after the balance sheet date**

No events have occurred after the balance sheet date, which could affect the assessment of the interim financial statements.

**Financial Statements 1 January – 30 June 2023**

**Income statement and comprehensive income**



tDKK

Note	Lunar Bank A/S	First half	First half	Full year
		2023	2022	2022
	Interest income	169,121	57,849	156,258
	Interest expenses	42,889	29,726	53,855
	<b>Net interest income</b>	<b>126,233</b>	<b>28,124</b>	<b>102,403</b>
	Fee and commission income	78,408	69,733	140,391
	Fees and commission expenses	37,241	21,212	48,716
	<b>Net interest and fee income</b>	<b>167,400</b>	<b>76,644</b>	<b>194,078</b>
4	Market value adjustments	-4,807	-4,311	48,080
	Staff costs and administrative expenses	339,645	424,080	883,937
	Amortisation, depreciation and impairment charges	24,875	314,826	643,804
5	Loan impairment charges etc.	20,563	54,984	138,821
	Income from group undertakings	-10,612	-7,072	-54,355
	<b>Profit/loss before tax</b>	<b>-233,101</b>	<b>-728,629</b>	<b>-1,478,759</b>
	Tax for the year	333	0	-2,419
	<b>Profit/loss after tax</b>	<b>-233,434</b>	<b>-728,629</b>	<b>-1,476,340</b>
	Other comprehensive income after tax	-54,848	-73,377	-135,198
	<b>Total comprehensive income</b>	<b>-288,282</b>	<b>-802,006</b>	<b>-1,611,538</b>

## Financial Statements 1 January – 30 June 2023

## Balance sheet

tDKK

Note	Lunar Bank A/S	30 June 2023	30 June 2022	31 December 2022
<b>Assets</b>				
	Cash in hands and demand deposits with central banks	4,245,926	6,976,340	6,302,866
6	Receivables from credit institutions and central banks	71,637	70,356	79,447
7	Loans and other amounts due at amortised cost	1,170,489	2,360,051	1,855,025
	Bonds at amortised cost	4,573,848	1,315,936	2,453,558
8	Investments in subsidiaries	26,936	60,721	37,146
	Goodwill	0	289,225	0
	Other intangible assets	171,046	113,233	171,798
9	Other assets	52,141	151,973	156,080
	Prepayments	43,189	14,913	17,364
	<b>Total assets</b>	<b>10,355,210</b>	<b>11,352,747</b>	<b>11,073,284</b>
<b>Liabilities and equity</b>				
<b>Amounts due</b>				
10	Deposits	9,487,000	9,932,932	9,979,676
11	Other liabilities	115,827	207,774	305,969
	Deferred income	26,207	17,798	21,256
	<b>Total amounts due</b>	<b>9,629,035</b>	<b>10,158,504</b>	<b>10,306,901</b>
<b>Provisions</b>				
	Impairment charges on unused credit facilities	72	106	106
	Other provisions	0	2,688	3,190
	<b>Total provision</b>	<b>72</b>	<b>2,794</b>	<b>3,296</b>
<b>Subordinated debt</b>				
	Subordinated debt	29,885	29,825	29,855
	<b>Total subordinated debt</b>	<b>29,885</b>	<b>29,825</b>	<b>29,855</b>
<b>Equity</b>				
12	Share capital	42,077	42,077	42,077
	Share premium	3,100,207	2,538,207	2,890,207
	Retained earnings	-2,446,066	-1,418,661	-2,199,052
	<b>Total equity</b>	<b>696,218</b>	<b>1,161,623</b>	<b>733,232</b>
	<b>Total liabilities and equity</b>	<b>10,355,210</b>	<b>11,352,747</b>	<b>11,073,284</b>

## Financial Statements 1 January – 30 June 2023

### Statement of changes in equity

tDKK

## Lunar Bank A/S

	Share capital	Share premium	Retained earnings	Total
<b>Equity at 1 January 2022</b>	<b>42,077</b>	<b>2,018,207</b>	<b>-618,239</b>	<b>1,442,045</b>
Capital increase	0	872,000	0	872,000
Group contributions	0	0	28,454	28,454
Net profit/loss for the year	0	0	-1,476,340	-1,476,340
Share-based payments	0	0	2,271	2,271
Other comprehensive income	0	0	-135,198	-135,198
<b>Equity at 1 January 2023</b>	<b>42,077</b>	<b>2,890,207</b>	<b>-2,199,052</b>	<b>733,232</b>
Capital increase	0	210,000	0	210,000
Exchange rate adjustments	0	0	40,770	40,770
Net profit/loss for the year	0	0	-233,434	-233,434
Share-based payments	0	0	499	499
Other comprehensive income <sup>1</sup>	0	0	-54,848	-54,848
<b>Equity at 30 June 2023</b>	<b>42,077</b>	<b>3,100,207</b>	<b>-2,446,066</b>	<b>696,218</b>

During H1 2023 share capital was increased with nom. DKK 1 to a balance of DKK 42,077,075.

## Financial Statements 1 January – 30 June 2023

## Capital and solvency

tDKK

Lunar Bank A/S	30 June 2023	30 June 2022	31 December 2022
Equity	696,218	1,161,623	733,232
Deductions <sup>1</sup>	-72,471	-382,431	-71,722
<b>Total core capital after deductions</b>	<b>623,747</b>	<b>779,193</b>	<b>661,510</b>
<b>Total Tier 1 capital</b>	<b>623,747</b>	<b>779,193</b>	<b>661,510</b>
Subordinated loan capital	12,000	30,000	14,500
Deductions in terms of maturity	0	-12,500	0
<b>Total capital base</b>	<b>635,747</b>	<b>796,693</b>	<b>676,010</b>
Credit risk	1,594,892	2,014,969	1,796,875
Market risk	24,739	366,188	38,818
Operational risk	184,664	34,946	34,946
<b>Total risk exposure</b>	<b>1,804,295</b>	<b>2,416,103</b>	<b>1,870,639</b>
<b>Key figures</b>			
Core capital after deductions, ratio (%)	34.6	32.2	35.4
Tier 1 capital ratio (%)	34.6	32.2	35.4
Total capital ratio (%)	35.2	33.0	36.1

<sup>1</sup> Software assets are recognized with a prudent valuation in accordance with Commission Delegated Regulation (EU) 2020/2176 that entered into force 23 December 2020. Software assets included in Common equity tier 1 capital amounts to DKK 98,615 thousand (30 June 2022: DKK 20,094 thousand, 31 December 2022: DKK 42,077 thousand).

## Financial Statements 1 January – 30 June 2023

### Financial highlights

tDKK

Lunar Bank A/S	H1 2023	H1 2022	Year 2022	Year 2021	Year 2020	Year 2019
Net interest and fee income	167,400	76,644	194,078	46,906	3,210	-820
Market value adjustments	-4,807	-4,311	48,080	-1,154	-286	-17
Staff costs and administrative expenses	339,645	424,080	883,937	494,744	159,544	7,083
Write-downs on loans and receivables, etc.	20,563	54,984	138,821	45,948	4,207	0
Income from group undertakings	-10,612	-7,072	-54,355	0	0	0
Profit/loss for the period	-233,434	-728,629	-1,476,340	-519,960	-175,971	-4,679
<b>Balance sheet (end of period)</b> <b>(tDKK)</b>						
Loans at amortised costs	1,170,489	2,360,051	1,855,025	1,448,586	12,895	0
Total assets	10,355,210	11,352,747	11,073,284	10,019,876	1,271,392	193,504
Deposits	9,487,000	9,932,932	9,979,676	8,376,764	928,280	7
Equity	696,218	1,161,624	733,232	1,442,045	258,453	170,783
<b>Ratios and key figures</b>						
Capital base	635,747	796,692	676,010	787,758	225,620	73,951
Total capital ratio (%)	35.2	33.0	36.1	80.9	187.7	64.0
Tier 1 capital ratio (%)	34.6	32.2	35.4	78.8	165.7	64.0
Return on equity before tax (%)	-32.6	-56.0	-136.0	-61.2	-81.4	-7.0
Return on equity after tax (%)	-32.7	-56.0	-135.7	-61.2	-82.0	-5.4
Interest-rate risk	1.2	0.03	0.10	0.80	0.20	0.00
Currency position	0.3	3.8	0.1	0.3	0.1	0.0
Loans relative to deposits (%)	13.9	24.6	19.9	17.9	1.4	0.0
Gearing of loans, end of year (%)	189.9	203.2	253.0	100.45	5.0	0.0
Lending growth	-39.1	8,057.5	28.1	11,133.70	0.0	0.0
LCR (%)	963.2	814.6	901.2	1,008.0	1,737.7	413.8
Sum of large exposures	0.2	0.6	0.6	0.9	0.0	0.0
Net impairment ratio (%)	12.9	3.6	6.9	3.3	24.6	0.0
Return on assets (%)	-2.3	-6.4	-14.0	-9.2	-13.8	-2.4
Average number of full-time employees	132	130	144	95	19	2

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

## Financial Statements 1 January – 30 June 2023

### Notes

#### 1 Basis of preparation

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**Financial Statements 1 January – 30 June 2023**  
**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. During first half of 2023, Lunar Bank A/S has implemented hedge accounting and the accounting policy is described in a separate section below.

With reference to section 137 in the Executive order, no consolidated figures are prepared, as the Lunar Group A/S reflects the consolidated figures for the entire group, including Lunar Bank A/S.

The interim report is presented in DKK thousands.

### Hedging accounting and structural hedge

The bank uses derivatives to hedge the currency risk in SEK and NOK. This includes hedging of currency risk on net investment in foreign operations. Currency adjustments related to net investments in foreign operations are recognised in other comprehensive income and value adjustments of derivatives that is allocated to hedge the currency risk are treated accordingly and recognised in other comprehensive income.

The currency hedge strategy is to hedge all open currency positions with derivatives within the defined thresholds. The bank has back in December 2022 opened a SEK structural hedge position by using FX derivatives to make sure that the capital ratio is stable regardless of movements in FX SEK rates. This is done since an increase in the SEK currency rate would cause a decline in the capital ratio even though the SEK FX position was zero, due to the main part of the of the loan portfolio is denominated in SEK.

The effect of the structural hedge will by default be booked in the value adjustment line in the P&L. As the purpose of the structural hedge position is to keep the capital ratio stable the hedge accounting strategy has been designed in a way that makes sure that the effect of the Structural Hedge results in an effect directly on the equity.

The effects of implementing hedge accounting in first half of 2023 is disclosed as part of the statement in changes in equity.

### Correction of error

Mid December 2022 the Danish Financial Supervisory Authorities has in a decision ordered Lunar Bank to include activities in its peer-to-peer (P2P) business in the balance sheet as loans and deposits. The P2P business consist of connecting creditors and borrowers via Lunars P2P platform, so they can provide and receive financing. The P2P lending portfolio was thereby first time included in the Annual Report 2022 and comparative figures regarding 2021 was corrected.

In the Interim Report H1 2022 the P2P activity was not included as the decision made by the Danish Financial Supervisory Authorities was not made until Mid-December 2022. Comparative figures regarding H1 2022 has in this H1 Report been changed accordingly. The impact on the income statement and balance sheet due to change in comparative figures is shown below:

## Financial Statements 1 January – 30 June 2023

### Notes

DKK	Original First half 2022	Correctional First half 2022	Change
Interest income	61,270	57,849	-3,421
Interest expense	29,548	29,726	178
<b>Net interest income</b>	<b>31,722</b>	<b>28,124</b>	<b>-3,598</b>
Fee and commission income	67,497	69,733	2,236
Fee and commission expenses	23,299	21,212	-2,087
<b>Net interest and fee income</b>	<b>75,920</b>	<b>76,644</b>	<b>724</b>
Market value adjustments	-4,311	-4,311	0
Staff costs and administrative expenses	423,415	424,080	665
Amortisation, depreciation and impairment charges	314,826	314,826	0
Loan impairment charges etc.	55,649	54,984	-665
Income from group undertakings	-7,072	-7,072	0
<b>Profit/loss before tax</b>	<b>-729,353</b>	<b>-728,629</b>	<b>724</b>
Tax for the period	0	0	0
<b>Profit/loss after tax</b>	<b>-729,353</b>	<b>-728,629</b>	<b>724</b>
Currency adjustments	-73,408	-73,377	31
<b>Total comprehensive income</b>	<b>-802,761</b>	<b>-802,006</b>	<b>755</b>
<b>Assets</b>	<b>30-jun-22</b>	<b>30-jun-22</b>	<b>Changes</b>
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 cost	1,550,125	1,922,986	372,861
Bonds at amortised cost	1,315,936	1,315,936	0
Holdings in group undertakings	60,721	60,721	0
Goodwill	289,224	289,224	0
Other intangible assets	113,233	113,233	0
Other assets	589,037	589,037	0
Prepayments	28,987	14,913	-14,074
<b>Total assets</b>	<b>10,993,959</b>	<b>11,352,747</b>	<b>358,788</b>
<b>Liabilities and equity</b>			
<b>Amounts due</b>			
Deposits	9,570,358	9,932,932	362,574
Other liabilities	207,774	207,774	0
Deferred income	17,798	17,798	0
<b>Total amounts due</b>	<b>9,795,930</b>	<b>10,158,504</b>	<b>362,574</b>
<b>Provisions</b>			
Impairment charges on unused credit facilities	106	106	0
Other provisions	2,688	2,688	0
<b>Total provisions</b>	<b>2,794</b>	<b>2,794</b>	<b>0</b>
<b>Subordinated debt</b>			
Subordinated debt	29,825	29,825	0
<b>Total subordinated debt</b>	<b>29,825</b>	<b>29,825</b>	<b>0</b>
<b>Equity</b>			
Share capital	42,077	42,077	0
Share premium	2,538,207	2,538,207	0
Retained earnings	-1,414,874	-1,418,661	-3,787
<b>Total equity</b>	<b>1,165,410</b>	<b>1,161,623</b>	<b>-3,787</b>
<b>Total liabilities and equity</b>	<b>10,993,959</b>	<b>11,352,747</b>	<b>358,788</b>

## Financial Statements 1 January – 30 June 2023

## Notes



The following notes in the financial statements are affected by the restatement: 5, 7, 10 and 15.

Capital and solvency ratios are, besides the change in equity, not affected by the P2P as the credit risk mitigation articles in CRR are applied to the loan portfolio which is fully guaranteed by deposit from the P2P activity.

## **2 Significant accounting estimates, assumptions, and uncertainties**

The preparation of financial statements 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 judgments, 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 assess the Bank's capital resources in order to assess the soundness of the Bank's investments in expansion.

Based on the bank's approved budgets, management assess that through 2023 the Bank will comply with all regulatory capital requirements. In the nature of budget planning there are uncertainties related to realizing those and in the event of a lack in meeting expected growth estimates Management has established several contingency options and Management will continue to focus on maintaining a sound and adequate level of own funds.

## **3 Financial highlights**

Financial highlights are disclosed on page 12.

## Notes

tDKK			
Lunar Bank A/S			
Note	First half 2023	First half 2022	Full year 2022
<b>4 Market value adjustment</b>			
Bonds at amortised cost	13	-1,461	0
Foreign exchanges	-59,091	-11,483	29,755
Financial instruments measured at fair value	-31,040	9,739	18,385
Other liabilities	85,310	-1,106	-60
<b>Total</b>	<b>-4,807</b>	<b>-4,311</b>	<b>48,080</b>
<b>5 Loan impairments charges etc.</b>			
Change on ECL during year	-12,410	43,371	90,202
Realised losses	32,405	16,504	48,734
Other movements	566	-4,890	-115
<b>Total</b>	<b>20,562</b>	<b>54,984</b>	<b>138,821</b>

## Notes

tDKK

Note	Lunar Bank A/S		
	30 June 2023	30 June 2022	31 December 2022
<b>6 Receivables from credit institutions and central banks</b>			
Credit institutions	71,637	70,356	79,447
<b>Total</b>	<b>71,637</b>	<b>70,356</b>	<b>79,447</b>
<b>Distribution of terms by maturity</b>			
Overnight	71,637	70,356	79,447
<b>Total</b>	<b>71,637</b>	<b>70,356</b>	<b>79,447</b>
<b>7 Loans and other amounts due at amortised cost</b>			
Customer loans	1,170,489	2,360,051	1,855,025
<b>Total</b>	<b>1,170,489</b>	<b>2,360,051</b>	<b>1,855,025</b>
<b>Distribution of terms by maturity</b>			
Overnight	79,905	443,766	68,790
Up to 3 months	348	8,797	348,087
From 3 month to 1 year	7,051	15,000	7,378
From 1 year to 5 years	128,060	277,677	158,768
More than 5 years	955,124	1,614,810	1,272,002
<b>Total</b>	<b>1,170,489</b>	<b>2,360,050</b>	<b>1,855,025</b>
<b>8 Investments in subsidiaries</b>			
Cost at 1 January	0	0	0
Additions	37,146	68,029	42,305
<b>Total</b>	<b>37,146</b>	<b>68,029</b>	<b>42,305</b>
Value adjustment at 1 January	0	0	0
Excess value at time of acquisition	0	0	49,164
Foreign exchange rate adjustment	-1,215	-237	32
Amortization and impairment for the year	-18,590	0	-30,574
Profit/loss for the year	9,595	-7,072	-23,781
<b>Value adjustment at 30 June</b>	<b>-10,210</b>	<b>-7,309</b>	<b>-5,159</b>
<b>Net carrying amount at 30 June</b>	<b>26,936</b>	<b>60,721</b>	<b>37,146</b>

Name and registered office

Lendify Sweden 4 AB

Voting rights and ownership

100%

**9 Other assets**

Other assets include receivables to affiliates of tDKK 87,697 (30 June 2022: 451,231 tDKK)

## Financial Statements 1 January – 30 June 2023

## Notes

tDKK				
	Lunar Bank A/S	30 June	30 June	31 December
Note		2023	2022	2022
10	Deposits broken down on maturity			
	Deposits	9,487,000	9,932,932	9,979,676
	Total	9,487,000	9,932,932	9,979,676
	Deposits of terms on maturity			
	Overnight	8,998,854	9,311,105	9,229,402
	Up to 3 months	3,453	6,337	353
	From 3 month to 1 year	107,561	6,767	41,802
	From 1 year to 5 years	377,133	298,420	452,462
	1 to 5 years	0	310,304	255,657
	Total	9,487,000	9,932,933	9,979,676

All deposits are related to customer transaction accounts.

**11 Other liabilities**

Other liabilities include debt to affiliates of DKK 21,948 thousand (30 June 2022: DKK 49,358 thousand)

On 30 September 2022 a public offer made by Lunar on Instabank ASA lapsed as no regulatory approval had been given by the Norwegian FSA. A majority of the shareholders in Instabank subsequently filed a subpoena against Lunar Bank seeking damages currently estimated in the range of NOK 580 million. Lunar Bank and its external advisors are of the opinion that the shareholders are not entitled to damages or any other compensation. Based on this no provision has been booked.

**12 Share capital**

Opening amount	42,077	42,077	42,077
Capital increases	0	0	0
Closing amount	42,077	42,077	42,077
<b>Number of shares</b>	<b>42,077,079</b>	<b>42,077,075</b>	<b>42,077,078</b>

During H1 2023 share capital was increased with nom. DKK 1 to a balance of DKK 42,077,079.

**13 Contractual obligations and contingencies, etc.****Contingent liabilities**

On 30 June 2023 unaccepted loan commitments and unused credit facilities amounts to DKK 986 thousand (30 June 2022: DKK 1,483 thousand).

Of the total value of bond holdings, DKK 251,492 thousand have been provided as collateral to other credit institutions (30 June 2022: DKK 255,641 thousand).

Lunar Bank participates in a Danish joint taxation arrangement in which Lunar Group A/S serves as the administrative company. According to the joint taxation provisions of the Danish Corporation Tax Act, Lunar Bank is therefore 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 dividend for the jointly taxed entities.

## Financial Statements 1 January – 30 June 2023

## Notes

tDKK

Lunar Bank A/S

Note

### 14 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 the consolidated financial statements are available from The Central Business Register's website; [www.cvr.dk](http://www.cvr.dk).

### 15 Financial risks and policies and objectives for the management of financial risks

Lunar Bank is exposed to different types of risks. The purpose of the 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 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 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 and profitability:** The risk of not having sufficient capital which can result in having to issue instruments at excessive costs, inability to pursue the business strategy, or failing payment obligations. The risk of failure to optimise earnings in business strategy.

The Management's report provides a detailed description of Lunar Bank's risk management practises.

#### Credit risk

Lunar Bank strives to differentiate itself in the market through convenient and transparent financing products by leveraging Lunar's credit decision engine based on internal and external data including PSDII data. Furthermore, 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 on loans and credit facilities, the starting point is the identification of the credit risk of the counterparty. The exposures are divided into the following rating categories determined by the estimated PD levels outputted from Lunar's PD-models consisting of two models: an application score and a behaviour score. The application score model is an internally developed PD model.

The application score model is applied to customers that are new to Lunar, i.e., less than 3 months on the book. The behaviour score model is an internally developed PD model. The behaviour score model is applied to existing customers in Lunar, i.e. more than 3 months on the book.

In the following notes the gross credit exposure is distributed in rating scales. The disclosed rating scales below in following notes are consistent with internal management reporting and the Annual Report 2022. The comparative notes relating to H1 2022 is changed to be consistent with internal management reporting and the current rating scales.

## Financial Statements 1 January – 30 June 2023

## Notes

tDKK

Lunar Bank A/S

## Note

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

Below, the gross credit exposure on 30 June 2023 is distributed in rating scales:

	Stage 1	Stage 2	Stage 3	Total
A	123,509	80	67	123,657
B	211,096	4,243	2,000	217,338
B-C	1,328	82	0	1,410
C	316,178	6,896	1,754	324,828
D	331,531	11,543	5,929	349,003
D-E	0	0	0	0
E	99,685	7,675	3,810	111,170
F	41,612	59,721	82,849	184,182
<b>Gross carrying amount at 30 June</b>	<b>1,124,939</b>	<b>90,240</b>	<b>96,410</b>	<b>1,311,590</b>
<b>Distribution in segments</b>				
Public institutions	0	0	0	0
<i>Business, including:</i>				
Construction	2	42	344	387
Retail	3	24	129	156
Transport, hotels and restaurants	27	99	188	314
Information and communication	12	18	59	88
Service	30	105	335	471
Finance and insurance	79,460	33	51	79,544
Other segments	1	44	165	210
Business, total	79,535	364	1,272	81,170
Privat	1,045,404	89,876	95,139	1,230,419
<b>Total</b>	<b>1,124,939</b>	<b>90,240</b>	<b>96,410</b>	<b>1,311,590</b>

Loans are issued without any provided security.

## Notes

tDKK

Lunar Bank A/S

## Note

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

Below, the gross credit exposure on 31 December 2022 is distributed in rating scales:

	Stage 1	Stage 2	Stage 3	Total
A	734,345	3,751	0	738,096
B	221,809	25,351	0	247,160
B-C	5,825	301	0	6,126
C	340,184	50,275	0	390,459
D	240,241	60,960	0	301,201
D-E	4,129	460	0	4,589
E	93,472	35,448	0	128,920
F	40,776	99,619	25,986	166,381
<b>Gross carrying amount at 31 December</b>	<b>1,680,781</b>	<b>276,165</b>	<b>25,986</b>	<b>1,982,932</b>
<b>Distribution in segments</b>				
Public institutions	0	0	0	0
<i>Business, including:</i>				
Construction	145	107	317	569
Retail	230	51	93	374
Transport, hotels, and restaurants	159	61	173	393
Information and communication	230	47	33	310
Service	728	116	410	1,254
Finance and insurance	347,509	11	31	347,551
Other segments	296	63	160	519
Business, total	349,297	456	1,217	350,970
Privat	1,331,484	275,709	24,769	1,631,962
<b>Total</b>	<b>1,680,781</b>	<b>276,165</b>	<b>25,986</b>	<b>1,982,932</b>

## Notes

tDKK

Lunar Bank A/S

## Note

**15 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 2023 for loans at amortised cost.

**Development on accumulated impairment charges on loans at amortised cost**

	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2023</b>	<b>38,145</b>	<b>64,739</b>	<b>25,023</b>	<b>127,907</b>
ECL on new assets	5,929	27,173	20,773	53,875
Transfer to Stage 1	10,028	6,394	14,410	30,832
Transfer to Stage 2	11,688	-48,277	22,169	-14,420
Transfer to Stage 3	16	90	-14,581	-14,475
Assets derecognised	-5,495	-25,298	0	-30,793
Write offs debited to the allowance account	0	0	-11,727	-11,727
Other movements	2	19	-119	-97
<b>Impairments charges at 30 June 2023</b>	<b>60,312</b>	<b>24,840</b>	<b>55,948</b>	<b>141,101</b>

The table below show the changes in total impairment charges recognised at 31 December 2022 for loans at amortised cost.

**Development on accumulated impairment charges on loans at amortised cost**

	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2022</b>	<b>24,845</b>	<b>7,599</b>	<b>15,983</b>	<b>48,427</b>
ECL on new assets	20,533	30,143	13,580	64,256
Transfer to Stage 1	3,705	32,047	7,554	43,306
Transfer to Stage 2	34	-1,261	723	-504
Transfer to Stage 3	42	5	-2,247	-2,200
Assets derecognised	-5,762	-3,950	0	-9,712
Write offs debited to the allowance account	0	0	-13,933	-13,933
Other movements	-5,252	156	3,362	-1,734
<b>Impairments charges at 31 December 2022</b>	<b>38,145</b>	<b>64,739</b>	<b>25,023</b>	<b>127,907</b>

## Financial Statements 1 January – 30 June 2023



## Notes

tDKK

Lunar Bank A/S

## Note

**15 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 2023 for unused credit facilities.

**Development on accumulated impairment charges for unused credit facilities**

	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2023</b>	<b>80</b>	<b>23</b>	<b>0</b>	<b>103</b>
ECL on new assets	24	5	0	29
Transfer to Stage 1	-10	0	20	9
Transfer to Stage 2	1	-8	13	5
Transfer to Stage 3	0	0	6	6
Assets derecognised	-68	-15	0	-84
Write offs debited to the allowance account	0	0	0	0
Other movements	-20	2	19	1
<b>Impairments charges at 30 June 2023</b>	<b>7</b>	<b>6</b>	<b>58</b>	<b>71</b>

The table below show the changes in total impairment charges recognised at 31 December 2022 for unused credit facilities.

**Development on accumulated impairment charges for unused credit facilities**

	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2022</b>	<b>68</b>	<b>0</b>	<b>153</b>	<b>221</b>
ECL on new assets	75	22	0	98
Transfer to Stage 1	0	1	0	1
Transfer to Stage 2	0	0	0	0
Transfer to Stage 3	0	0	0	0
Assets derecognised	-45	-1	0	-45
Write offs debited to the allowance account	0	0	-11	-11
Other movements	-18	1	-142	-158
<b>Impairments charges at 31 December 2022</b>	<b>80</b>	<b>23</b>	<b>0</b>	<b>106</b>

## Financial Statements 1 January – 30 June 2023

## Notes

tDKK

Lunar Bank A/S

Note

### 16 Fair value information for financial instruments

Bonds at amortised costs are recognized at DKK 4,573,848 thousand (31 December 2022: DKK 2,453,558 thousand) in balance sheet. Fair value of the bonds is DKK 18,1 million lower than the booked value as per 30 June 2023

Lunar enters into financial derivative instruments, mainly short-term FX swaps and forward contracts. The purpose is to reduce the liquidity mismatch, since Lunar has large deposit surplus in DKK, while the loan book is mainly in SEK.

Lunar's position of financial instruments at 30 June 2023 is disclosed in the table below.

	Net nominal position	Net market value	Positive market value	Negative market value
Forwards - SEK	82,782 SEK	438	5,003	-4,565
Forwards – NOK	0 NOK	1	2	-1
Swaps - EUR	-1,500 EUR	5	5	0
Swaps – SEK	-437,000 SEK	3,399	3,510	-111
Swaps - NOK	40,000 NOK	-55	170	-225

Lunar's position of financial instruments at 31 December 2022 is disclosed in the table below.

	Net nominal position	Net market value	Positive market value	Negative market value
Forwards - SEK	1,200,686 SEK	-10,228	8	10,236
Forwards – NOK	1,500 NOK	2	2	0
Swaps - EUR	1,500 EUR	-1	0	1
Swaps – SEK	1,770,500 SEK	28,981	29,179	198
Swaps - NOK	20,000 NOK	53	53	0

### 17 Acquired operations

End June 2023 Lunar Bank A/S acquired 100 % the loan portfolio owned by Lendify Finance 4 AB, a fully owned subsidiary of Lunar Bank A/S. The acquisition is done in order to reduce complexity within the group structure and after the transaction no activity is left in Lendify Finance 4 AB.

### 18 Sold operations

