

LUNAR[®]

Lunar Bank

Beyond Banking.

Annual report 2024.

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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 – 31 December 2024

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
Jens Peter Leschly Neergaard
Susanne Juhl
Lars Andersen
Jens Mikael Kristoffer Ismunden
Klaus Østergaard
Ola Nordbye
Peter Christian Andreasen

Executive Board

Vibeke Bak Solok (CEO)
Ken Villum Guldbrandt Klausen (CDO)
Jonas Kjær Leed (CLO)
Robert Stambro (CFO)

Auditors

Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Overview – Executive team

Vibeke Bak Solok (CEO)

Private-sector directorships:

Nordic Solar A/S, Board member
DAMPSKIBSSELSKABET NORDEN A/S, Board member
VBSolok ApS, Executive Officer and legal owner

Ken Villum Guldbrandt Klausen (CDO)

Private-sector directorships:

Lunar Payments ApS, Executive Officer
Lunar Journey AB, Executive Officer
Lunar Way A/S, Executive Officer and Board member
Lunar Block A/S, Executive Officer and Board member
Moonrise Banking Services A/S, Executive Officer and Board member
HOLDYN ApS, Executive Officer and legal owner
VXK ApS, Executive Officer and legal owner
VXG ApS, Executive Officer and legal owner
LWOH ApS, Executive Officer and legal owner
Arosource ApS, Chairman
Eighty2 A/S, Legal owner

Jonas Kjær Leed (CLO)

Private-sector directorships:

N/A

Robert Stambro (CFO)

Private-sector directorships:

Brixo AB, Board member

Overview – Board of directors

Timothy Tracy Brooke Thom (Chairman)

Private-sector directorships:

Valiamo Limited, Director
XYB Limited, Director
D360 Limited, Director
Landfin Limited, Director
OneDome Limited, Director

Claus Okholm

Private-sector directorships:

CEJ EJENDOMSADMINISTRATION A/S, Board member
CEJ AARHUS A/S, Board member
Lunar Group A/S, Board member

Lars Andersen

Private-sector directorships:

GROWTH MANAGER ApS, Chief Executive Officer
GM INVEST ApS, Chief Executive Officer
Det bliver en god dag ApS, Chief Executive Officer
Value4money ApS, Chief Executive Officer
SEED CAPITAL DENMARK II K/S, Director
SEED Capital Management III I/S, Board member
Seed Capital Management IV I/S, Board member
Seed Capital Management V I/S, Board member
Growth Manager ApS, Board member
C WorldWide Asset Management Fondsmæglerselskab A/S, Board member
C WorldWide Holding A/S, Board member
C WorldWide Group Holding A/S, Board member
Risika A/S, Board member
FLATPAY ApS, Board member

Jens Peter Leschly Neergaard

Private-sector directorships:

Leschly & Neergaard ApS, Executive officer & Legal owner
Rex Invest Holding ApS, Executive officer
Ixis ApS, Deputy director
Laika Invest ApS, Executive director & Legal owner
INVESTERINGSELKABET LUXOR A/S, Board member
Qblue Balanced A/S, Chairman
Kvasir Technologies, Board member
Airfinity, Board member

Jens Mikael Kristoffer Ismunden

Private-sector directorships:

Bosam Fund I AB, Chairman
Orbit Alliance AB, Chairman
Bosam Group Holding, Board member
Stellar Equipment, Board member

Susanne Juhl

Private-sector directorships:

Lunar Group A/S, Board member
HOFOR HOLDING A/S, Chairman
HOFOR FORSYNING KOMPLEMENTAR A/S, Chairman
HOFOR A/S, Chairman
HOFOR FORSYNING HOLDING P/S, Chairman
HOFOR VAND HOLDING A/S, Chairman
HOFOR SPILDEVAND HOLDING A/S, Chairman
BIOFOS LYNETTEFÆLLESKABET A/S, Chairman
BIOFOS HOLDING A/S, Chairman
BIOFOS SPILDEVANDSCENTER AVEDØRE A/S, Chairman
BIOFOS A/S, Chairman
TDC NET A/S, Board member
TDC NET Holding A/S, Board member
Fonden Divers, Chairman
Aarhus Havn A/S, Chairman
Nuuday A/S, Chairman
M.J. ERIKSSON AKTIESELSKAB, Deputy chairman
Susanne Juhl Consulting, Legal owner

Klaus Østergaard Private-sector directorships:

Gammel Jernbanevej 32 ApS, Legal owner

Ola Nordbye Private-sector directorships:

Sure Inc. (US), Board member
XYB Ltd., Board member
Kontakt East AB, Board member
100A, General Partner

Peter Christian Andreassen Private-sector directorships:

Moonrise Banking Services A/S, Chairman
Arosorce ApS, Board member
Eighty2 A/S, Executive officer & Board member
POPFH ApS, Executive officer
Carelink Holding A/S, Board member
Lunar Block A/S, Chairman
Carelink IT & Digitalisering ApS, Board member
Lunar Way A/S, Chairman
MARSELISBORG INVEST A/S, Chairman
Dansk Generationsskifte A/S, Board member
SKY WINDENERGY ApS, Legal owner
Carelink Gruppen A/S, Board member
NOITSA ApS, Board member
QKON ApS, Executive officer
ANDREASEN INVEST HOLDING ApS, Executive officer
KROGEDAMMEN A/S, Board member



Statements.

Statement by Management.

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lunar Bank A/S for the financial year 1 January – 31 December 2024.

The annual report has been prepared in accordance with statutory requirements, including – but not exclusively – the specific accounting rules in the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of Lunar Bank A/S at 31 December 2024 and of the results of Lunar Bank's operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a true and fair review of the development in Lunar Bank's operations and financial matters and describes the significant risks and uncertainty factors that may affect the Company.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 April 2025

Executive Board:

Vibeke Bak Solok
CEO

Jonas Kjær Leed
CLO

Ken Villum Guldbrandt Klausen
CDO

Robert Stambro
CFO

Board of Directors:

Timothy Tracy Brooke Thom
Chairman

Susanne Juhl

Klaus Østergaard

Claus Okholm

Lars Andersen

Ola Nordbye

Jens Peter Leschly Neergaard

Jens Mikael Kristoffer Ismunden

Peter Christian Andreasen

Independent auditor's report.

To the shareholder of Lunar Bank A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January to 31 December 2024 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Financial Statements of Lunar Bank A/S for the financial year 1 January to 31 December 2024 comprise income statement and comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information ("Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Lunar Bank A/S in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Lunar Bank A/S on 24 February 2022 for the financial year 2022. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of three years including the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report.

Key audit matter	How our audit addressed the key audit matter
<p>Compliance with regulatory capital requirements</p> <p>The bank has to comply with regulatory capital requirements on an ongoing basis.</p> <p>Based on Lunar's approved budgets, planned initiatives and established capital preservation plan, management assesses that Lunar will comply with regulatory capital requirements throughout 2025.</p> <p>This assessment is based on assumptions which by nature are uncertain such as:</p> <ul style="list-style-type: none"> • Management's expectations of earnings and cost base including the effect of planned and already taken actions. • Management's established initiatives in the approved budget. • Management's additional contingency options. • Future Minimum Requirement for Own Funds and Eligible Liabilities (MREL). <p>We focused on this area because of limited excess capital relative to historically realised net loss and as the compliance with regulatory capital requirements are of vital importance to continue the banking operation.</p> <p>We refer to note 2 in the financial statements.</p>	<p>We performed risk assessment procedures with the purpose of achieving an understanding of business procedures and relevant controls regarding compliance with regulatory capital requirements including budgeting.</p> <p>We evaluated and assessed the models used in budgeting and tested the internal coherence and mathematical accuracy of the budget.</p> <p>Further, our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluate and assess the bank current and future capital requirements • review and challenge of Management's budget for 2025 with assessment of the underlying assumptions, including realism and the sensitivity for budget and estimates in relation to earnings and cost base. • meetings with Management to discuss and challenge the assumptions and methods for determining future capital simulations. • assessment of the bank's available options in the capital preservation plan including assessing the timeframe of taking the options into force. • assessment of the bank's additional contingency options. <p>We assessed whether the disclosure of uncertainties was appropriate.</p>

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Hellerup, 29 April 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Business registration no 33 77 12 31

Per Rolf Larssen
State Authorised Public Accountant
mne24822

Lars Dalgaard Agersted
State Authorised Public Accountant
mne46258

Management Review.



CEO letter.

Vibeke Bak Solok
CEO

“We are more determined than ever to challenge, to innovate, and to lead. As we move into this next phase, we do so with a relentless drive to redefine banking in the Nordics.”

2024 was a year of achievements but also unforeseen challenges. Following a year of operational excellence in 2023, we entered 2024 with a sharpened focus on financial resilience. However, the aftermath of the Instabank settlement and the strategic sale of our Swedish loan book presented short-term setbacks on our road to profitability, requiring us to allocate significant resources to these events. While this impacted our financial performance in the short term, these were necessary steps in optimizing our business and strengthening our long-term financial position.

As both a tech company and a bank, we approach financial services with a fundamentally different mindset than the traditional industry one that prioritizes agility, innovation, and user experience at every level without compromising on security and trust. This position allows us to move faster, challenge traditional banking models, and build on a digital-first financial platform that is not only more efficient but also more accessible.

Our ability to diversify revenue streams continues to be a strong pillar of our strategy. A core focus is on moving users from lower to higher-value tiers, as well as converting free users to paying users, leading to a stronger revenue model and greater value for our users. In 2024, net fees and commission income saw a substantial increase of over 100%, reflecting the success of our expanding service offerings and the trust our users place in Lunar. This was further reinforced by the number of users nearing one million by the end of 2024.

Despite the financial curveballs, our fundamentals remain strong. Employee costs and administrative expenses were kept stable, and we have taken deliberate steps to ensure we are well positioned for sustainable growth and profitability in the years to come. From pioneering digital payment solutions to delivering a best-in-class user experience, we will continue to set new standards for how people engage with their finances.

Vibeke

Our business model & strategic outlook.

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 Lunar Bank is a direct reflection of the mission and targets defined by Lunar Group. Therefore, the management review will on an overall level include the view of Lunar Group, as well as Lunar Bank specific perspective.

Being a Nordic digital challenger bank, Lunar strives to be the best everyday bank in the Nordics.

Approximately 570k users across Denmark, Sweden and Norway have a Lunar account today, including over 25 k businesses that have chosen to bank with Lunar. Private users starting from a young age and up, businesses customers characterised by having a small business set up and with simple financial needs. The new business segment Moonrise - formerly known as Banking Services - enables our customers to leverage Lunar's infrastructure and access to clearing in Denmark, Sweden and Norway. For our business and private customers, we provide in-app products that inspire a new customer-centric era. Where we put the customer front and centre, and don't leave them in the backseat.

That is why Lunar is loved by our users as demonstrated with our Trustpilot rating of 4.6. Helping customers in Lunar in their everyday life by adding transparency, flexibility, and fun to their financial life is our purpose.

Focus is on providing simple ways to handle day-to-day finances as well as offering relevant products through third-party integrations. Strong focus and our high standards against financial crime help keep our customers safe. Lunar aims to challenge the banking industry and lead in bringing new products into a regulated environment for the benefit of our users.

The business model for Lunar is based on a range of products that all contribute with different revenue streams, to create a resilient approach to an ever-changing market. Our focus stays on transparency and fair banking. We strive to offer different banking solutions through our tier structure with transparent fee structures. Our highly scalable tech platform provides a lower cost to serve while enabling easy scaling opportunities. Combined this enables a profitable business model.

The Lunar app is supplemented with a web-portal for business customers and "ShareIt" app for our private and non-banking users. Through these platforms Lunar offers all relevant services such as banking and payment products, and third-party products. Combined, these multiple revenue channels generate a stable and recurring revenue, where the primary income is distributed between consumer and business tiers, interchange and transactional fees, financial products and third-party services.

In 2024, Lunar launched several new features and products to gain product parity in Sweden for both consumers and businesses. The build out of products in Sweden included a new type of savings account with high interest rate without freezing the amount for a designated period of time. 4.6k of our customers have already created a savings account.

The tier structure continues being built out, with new features in 2024 invoking a positive response and a conversion rate of 39%. Lunar now has 143k private customers and more than 25k business customers on paid tiers. This marks an increase of 42% from 2023.

In 2024, we further expanded our offering to Moonrise (formerly known as Banking Services) customers, continuing to leverage many years of investment in state-of-the-art infrastructure to meet the market requirements for Moonrise. The interest and organic inflow of requests for this new service continues to be tremendous, enabling us to reach 15 Moonrise customers by the end of 2024, including partnerships with PPRO and the visa-backed Currencycloud. The pipeline continues to build and the Moonrise offering is forecasted to drive significant revenue impact in the coming years.

In June, we launched our new partnership with SAS, uniting to offer a simple and broadly available debit card. The SAS Eurobonus Lunar debit card is positioned as the entry-level, modern payment product for the smart and conscious consumer who wishes to earn EuroBonus points on everyday purchases. Lunar customers on the Light, Standard, and Plus tiers pay a monthly fee for the card, while it's included as a benefit for those on the Unlimited tier. The new collaboration has been well received both by media and customers across markets and resulted in the most ever sign-ups in a single day for Lunar.

As of the end of December, 10k customers have signed up for the SAS Eurobonus Lunar debit card, of which 55% have chosen the Unlimited tier.

Lunar's use of AI enables us to provide faster services to our users through Customer Support. Today, more than 70% of all written messages from users are fully handled by an AI tool.

To continue improving our onboarding process, we increased the use of AI in selected areas to over time reach a straight-through-processing above 85% for consumers and having over 80% of business users onboarded within 48 hours. Leading to a significantly reduced processing time.

Throughout Lunar, AI tools are used to assist our colleagues in their everyday work in Customer Support where we have built our own co-pilot, in Tech where AI proposes concrete codes and in functions like Legal, Risk Management etc. where AI is used to assist in analysing contracts, policies, SOPs, etc.

→ Strategic outlook

Lunar will continue to build out our proposition for Nordic Consumers and Business customers and invest in new products for our Moonrise customers. Investing in mitigating actions towards fraud and other safety related activities to keep our users safe also remains high on our agenda.

Finally, we will benefit from our tech platform and continue to use new technology to become even more efficient and scalable to support our path to profitability.

Our values.

Be **brave**

Simplify & go

Empower our users

Push through **together**

Financial review.

Robert Stambro

Chief Financial Officer

The discontinued acquisition of Instabank and its subsequent capital implications, combined with a shifting interest rate environment and evolving regulatory requirements, tested our resilience.

Despite these headwinds, we delivered a 30% increase in total operating income, fueled by a 110% growth in net fee income. This growth underscores the strength of our core revenue streams and our ability to adapt to a changing financial landscape.

Strategic Priorities & Path to Profitability

With the Instabank dispute now fully resolved and our capital position reinforced through strong investor support, we have turned our full focus to execution, performance, and accelerating our path to profitability. We are targeting break-even between late 2025 and early 2026, driven by a dual strategy:

- **Cost Optimization:** A disciplined review of operational expenses, process automation, and efficiency improvements to enhance scalability.
- **Revenue Acceleration:** Expanding income, deepening customer engagement, and leveraging our digital banking ecosystem for sustainable growth.

To support these initiatives, we have refined our financial forecasting models, ensuring an agile and data-driven approach to decision-making. This allows us to adapt dynamically to market shifts while maintaining cost discipline and strategic focus.

“Despite a challenging environment, Lunar has managed to grow the business and improve the underlying financial health”

Competitive Positioning & Innovation

Lunar occupies a unique position in the Nordic financial ecosystem, blending the agility of a fintech with the robust infrastructure of a fully licensed bank. This allows us to challenge traditional banking models by offering innovative, digital-first solutions that enhance customer experience and drive financial empowerment.

We continue to invest in technology, automation, and new product offerings to strengthen our competitive advantage. Through our consumer and business banking solutions, as well as our Banking Services entity Moonrise, we are expanding our footprint and enabling individuals and businesses to achieve financial growth across the region.

Financial Performance Overview

Despite extraordinary events impacting our cost base, our underlying financial performance improved significantly:

- Total operating income rose 30% to DKK 515.9m (2023: DKK 395.7m)
- Net fee income grew 110%, now accounting for 48% of total income (up from 30% in 2023)

While reported operating expenses reached DKK 963.7m (2023: DKK 759.1m), this was largely driven by extraordinary one-time costs and writedowns totaling DKK 247.0m (215.7m operating costs), including:

- Instabank settlement: DKK 188.6m
- Loss on sale of Swedish loan book: DKK 58.4m of which 27.1m affected operating expenses

Excluding these one-off costs, adjusted operating expenses decreased by 1% year-over-year, demonstrating our commitment to cost control.

Adjusted loss before tax improved by 37%, reaching DKK -258.2m (2023: DKK -410.1m)

Looking Ahead

As we move forward, Lunar is strategically positioned for profitable growth, supported by:

- **A solid liquidity and capital foundation**, further bolstered by capital injections of DKK 30m in January 2025 and through the issue of a T2 instrument of DKK 130m during Q2 2025.
- **A growing revenue base**, fueled by continuous customer and business growth, while leveraging the robust infrastructure already established within Moonrise.
- **Operational efficiencies** that enhance scalability and reinforce cost discipline.
- **A relentless focus on innovation and maintaining market leadership in digital banking.**

We are not merely working towards profitability — we are actively shaping the future of banking in the Nordics.

Financial summary

In 2024, Lunar delivered continued growth in operating income, primarily driven by a substantial increase in net fee income. Total operating income rose by 30% to DKK 515.9m (2023: DKK 395.7m). However, operating expenses were significantly impacted by two extraordinary events, totaling DKK 215.7m. Adjusting for these, underlying operating expenses decreased by 1% year-over-year.

The adjusted loss before tax improved by 37% to DKK -258.2m (2023: DKK -410.1m). Excluding the extraordinary events, the profit before tax amounted to DKK 505.2m.

Net interest income

Net interest income decreased by 3% to DKK 268.2m (2023: DKK 277.7m). This decline was primarily due to the sale of the Swedish loan book in September, resulting in reduced interest income in Q4, and lower deposit margins amid decreasing market rates.

Net fee income

Net fee income saw substantial growth, increasing by 110% to DKK 247.7m (2023: 118.0m). This significant increase was fueled by price tier adjustments, a 44% increase in paid plan adoption, and a 47% rise in platform transactions. Wealth services, particularly ETFs and cryptocurrencies, continued to make a meaningful contribution, with traded volume growing by 89%. Fee income now represents 48% of total income, up from 30% in 2023.

Operating expenses

Reported operating expenses reached DKK 963.7m (2023: DKK 759.1m), significantly affected by the following extraordinary events totaling DKK 215.7m for operating expenses:

- Settlement with Instabank: DKK 188.6m.

- Loss on the sale of the Swedish loan book: DKK 58.4m (of which DKK 27.1m affected operating expenses. The remaining DKK 31.3m was a write down of related software assets, and did not impact operating expenses.)

Excluding these extraordinary items, adjusted operating expenses decreased by 1% to DKK 748.0m (2023: DKK 759.1m).

Net credit losses

Credit losses increased to DKK 57.4m (2023: DKK 46.7m), with a one-time write-down of DKK 31.3m attributed to the Swedish loan book sale.

Profit/loss before tax

The adjusted loss before tax improved to DKK -258.2m (2023: DKK -410.1m), given the extraordinary costs and write-down of DKK 247.0 m.

Prior to the extraordinary events, the financial outlook for 2024, as provided in the H1 report, projected a loss before tax of DKK -275m to -325m including the expected loss for the sale of the loan portfolio.

The profit before tax without including the extraordinary items amounted to DKK -258.2m (2023: DKK -410.1m), but including the loss on the sale of the Swedish loan book, amounted to -316.6m

Balance sheet and capital position

Lunar maintains a low-risk balance sheet, with the majority of assets held in cash at the central bank and highly liquid Nordic AAA-rated covered bonds and government securities.

Diversified Funding Mix

The funding base is well-diversified, consisting of deposits from Danish, Swedish, and Norwegian businesses and customers.

	2024 (DKK)	2023 (DKK)	Change (%)
Profit and loss adjusted for extraordinary events			
Net interest income	268.2m	277.7m	-3%
Net fee income	247.7m	118.0m	110%
Total operating income	515.9m	395.7m	30%
Operating Expenses	963.7m	759.1m	27%
Adjusted Operating Expenses (excl. one-offs)	748.0m	759.1m	-1%
Net Credit Losses	57.4m	46.7m	23%
Adjust Net Credit Losses	26.1m	46.7m	-44%
Adjusted Loss Before Tax	-258.2m	-410.1m	37%
Reported Loss Before Tax	-505.2m	-410.1m	-23%

→ Events after balance sheet date.

Lunar Bank received a capital injection on DKK 30m in January 2025 and will issue a T2 instrument of DKK 130m during Q2 2025.

No further events have occurred after the balance sheet date, which could affect the assessment of the Financial Statements.

→ Assumptions and uncertainties

On an ongoing basis, management assesses the bank's capital resources in order to assess the soundness of the bank's investments in expansion. The approved budgets for 2025 and planned initiatives to ensure a road to profitability, management assesses that Lunar will comply with regulatory capital requirements throughout 2025.

In the nature of realising plans, budget planning, internal and external factors may create uncertainties related to realising those and in the event of delayed time to profitability or delayed impact of new product offerings, management has established contingency options related to the capital base which is considered sufficient to enable the bank to comply with regulatory capital requirements throughout 2025.

→ Capital and liquidity

On 31 December, Lunar Bank's own funds, less deductions, amounted to 550.5 mDKK including Tier 2 capital instruments. In accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force 23 December 2020, Lunar Bank is able to recognise software assets in Common equity tier 1 capital which accounts for 91.7 mDKK at the end of 2024.

Other intangible assets amounting to 64.4 mDKK are deducted in the capital base. On 31 December Lunar Bank's own funds and eligible liabilities amounted to 550.5 mDKK. The solvency need is calculated to 149.8 mDKK or 14.2% of REA on 31 December 2024. Excess to the combined buffer requirement amounts to 348.4 mDKK.

The risk based MREL requirement in force on 31 December 2024 was 84.6%, equivalent to DKK 889.6m. The requirement is calculated as a solvency need component and an MREL add-on. The requirement in force is based on the solvency need at the end of September 2024, which includes a reservation in relation to the Instabank court case. However, as Lunar entered a settlement during December 2024 the solvency need decreased by significantly compared to the solvency need in September. An updated risk based MREL requirement would as a result be 18.3%, equivalent to DKK 192.9m. Due to processing time with the D-FSA the updated requirement was first received in April 2025. Due to this natural delay in the process Lunar was in a technical breach of the risk based MREL requirement at the end of December 2024. However, excess to the de facto requirement was DKK 357.6m

Furthermore, the leverage based MREL requirement is calculated to DKK 517.7m or 4.5% of the total exposure measure. Excess to the leverage based MREL requirement is DKK 32.8m. Lunar has in April 2025 received an updated leverage based MREL requirement of 3.4%

Please refer to note 2 regarding forecast and capital projections related to 2025.

Lunar Bank calculates the liquidity requirements on the basis of the Liquidity Coverage Ratio (LCR). On 31 December 2024 LCR was calculated at 1,130% against 925% in 2023. Lunar Bank's Board of Directors has set an internal limit for LCR of 250%. Based on the current requirements, the bank has a significant excess in relation to liquidity coverage regulatory requirements.

→ Financial outlook

Lunar aspires to be the best everyday bank in the Nordics through a digitalised and user-centric approach to the market. A key focus for 2025 is to build on product parity and have an aligned product offering across the Nordic's taking local needs into account. The product portfolio will be updated continuously with offerings that support the overall Lunar strategy and aim.

Lunar is on the path to profitability and expect to:

- Reach breakeven in 2026 with an ambition to accelerate the timeline
- Reach a profit before tax for the full year 2025 of DKK -130m to DKK -230m.

→ 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 December 31 2024, Lunar Bank has complied with the four thresholds as per below.

(%)	Threshold	2024	2023
Sum of large exposures	< 175	0	0.1
Lending growth	< 20	-98.6	-42.5
Real property exposure	< 25	0	0
Liquidity indicator	> 100	1001.59	867.5

Risk management.

2024 was another extraordinary year for Lunar from a Risk Management perspective. Factors, such as the continued war in Europe, volatility in interest rates and geopolitical uncertainty led to intensified risk focus across all risk types. Furthermore, the outcome of the Instabank verdict in Q1 2024 put extra pressure on the capital situation in Lunar. As a consequence of this, Lunar decided to pause all lending activities, and sell off the Swedish Loan portfolio. This had an immediate capital effect, as well as an impact on the overall risk picture of Lunar. Another focus point in 2024 was addressing all findings from the DFSA inspection in 2023.

→ Risk governance

Ensuring a stable and robust Risk Management framework influences all parts of our operations, as it supports a balance between awareness of risks and promoting innovation. It empowers the organisation to make informed decisions considering the balance between risk, return, and market situation. Upholding this standard is crucial for retaining the confidence of our customers, investors, and regulators. Risk Management in Lunar is structured in accordance with the three lines of defence model. Relevant committees are anchored at Board and Executive Management to decide on all relevant risks, and to monitor and perform oversight of risk exposure across risk types. Delegation of decision-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. During 2025, there will be a continued focus on further developing the risk governance and risk culture, also in the light of the work conducted in relation to the DORA regulation, as the foundation for being a digital challenger bank.

→ Risk taxonomy & risk appetite

The risk landscape in Lunar is defined by a Risk Taxonomy, constituting a common reference point and ensuring focus on all significant risk areas. All risk types are assigned to managers with sufficient authority and decision mandate in the 1st line of defence, to ensure accountability and ownership. The risk taxonomy is 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 and accompanied by relevant limits. 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 openly expresses the mindset and necessary qualifications Lunar wishes for our organisation to possess. Risk management is not a topic for leaders or specific 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 increased focus on the road to profitability. This is supported by the risk appetite level set by the Board of Directors in Lunar Group and Lunar Bank. To support the risk framework and the risk appetite level, Lunar has in 2024 further enhanced the controls performed by the 2nd line and the reporting routines for selected risk focus areas and for incident reporting and risk documentation in particular. This gives a higher level of transparency for all levels of stakeholders from Board of Directors and Executive Management to the employees, which in turn enables fast re-prioritisation if needed.

Even with evident continued improvement in 2024, we will maintain focus on the governance around controls and reporting during 2025 for all risk types, also to mitigate effects of fast growth. This focus is natural as the business evolves, but it also reflects our ambition to conduct solid risk management across all three lines of defence.

The main categories of financial risks are elaborated in note 25.

People & Culture review.

Sarah Wahlström

Chief People & Culture Officer

”Our people are the driving force behind shaping the future of banking. To truly change the financial landscape we need to move as one—Pushing through together by combining our tech skills with banking expertise”

→ People & Culture

In 2024, the People and Culture team broke our work into five key strategic pillars and outcomes in order to support the Lunar mission and values.

1. Organisation development

Ensuring we have the right design and structure - with the right people to match it.

2. Preparing leaders to lead

Preparing our leaders to lead the organisation, by investing in their development and providing tools.

3. Employee growth experience

Employees know what is expected of them and how they can grow professionally and personally.

4. Lunar DNA

Employees and candidates experience what it is to be a part of the Lunar movement in every interaction.

5. Smooth experiences

Create experiences that just make sense powered by technology.

In each area, we teamed up with the business to define key activities that drive our ambitions, including:

- Org reviews & talent planning to strengthen our teams
- Competency framework to support growth
- Growth discovery to shape the next vision & products
- Leadership training to empower our leaders
- Embedding values into hiring & culture
- New L&D system to make training more accessible

These initiatives ensure we keep evolving and pushing forward.

In order to ensure the efforts are effective, Lunar regularly measures employee engagement and development questionnaires with quarterly surveys. The entire organisation is involved in the results and action points are openly discussed and handled at the Board of Directors level, throughout the organisation and within each area and teams. Lunar also trains managers on how to conduct sessions on engagement with their teams. Lunar wants to go beyond banking with a healthy and thriving organisation, and the wellbeing and development of employees is taken very seriously at Lunar.

In addition we have initiatives throughout the year which strive to support mental and physical wellbeing. Lunar works to improve the mental and physical health of the employees with meditation, yoga, foods, and exercise.

→ Management

The Board of Directors is elected by the general meeting for the period of time until the next ordinary general meeting. For an overview of Management and directorships for the Board of Directors and Executive Board, please refer to the last section of the Management's review.

The Board of Directors continuously and at least once a year assesses the overall risk factors and the individual risk factors associated with Lunar's activities. The Board of Directors maintains guidelines for the key risk areas, follows developments and ensures the presence of plans for the Management of the individual risk factors, including financial and non-financial risks.

The Board of Directors has the overall responsibility and the Executive Board handles the daily operations and secures compliance with outlined policies and regulation. This includes securing sufficient internal controls and risk management in the financial reporting process, including compliance with relevant legislation and other adjustments in connection with preparation of the Financial Statements.

Detailed information on the remuneration of the Executive Board and Board of Directors is disclosed on Lunar's website, www.lunar.app.

→ Statement on the representation of gender in the Board of Directors and other management levels

Lunar strongly believes that diversity and inclusion is essential in creating an even stronger culture, as it supports the organisation by ensuring different perspectives are represented and valued. In 2024, Lunar continued our work with the ESG report with a focus on the social element and within that, targets for gender representation in its Board and Management.

Lunar identified a pay gap in 2023 and has therefore put in place a new salary review process including pay grades which assists in identifying pay gaps at different levels. This information helped guide the 2024 salary review process.

However, while we have calculated the gender pay gap as the difference between female and male employees, moving forward, we will ensure that compensation is based on objective criteria—competency, performance, and value-driven behavior. This approach will help us identify and address any pay gaps transparently, ensuring they are driven by role-related factors rather than gender, while also aligning with the upcoming EU Pay Transparency Directive.

Ambition figures for the underrepresented gender

We remain committed to strive for a balance of 40% of the underrepresented gender. Focus is both on competences and gender when selecting members to both board and manager positions throughout Lunar. The gender distribution among the Bank's Board members by the end of 2024 was 40/60 in 2024 compared to 25/75 in 2023. As the gender balance changed with the new composition of the Bank board, we will actively work to meet our ambition over the coming years.

Policy for other management levels

Lunar has set a target to increase the proportion of the under-represented gender in the Executive Management of Lunar Bank to 40%. The split remained 50% in 2024 and thereby still reached the goal.

Lunar also outlined a goal for female managers in Lunar Bank at all management levels to reach 40% before 2023 and to reach 45% by the end of 2024.

Lunar Bank reached a 50% proportion at the end of 2024 for all Management levels and thereby also reached this goal. It is Lunar's overall objective to provide an appropriate equal distribution of men and women in management positions.

Lunar wants to be able to follow up on the gender composition in Management and to have the opportunity to adjust efforts along the way in relation to targets set. Lunar considers targets and target numbers as an effective tool to ensure progress and reach goals. Lunar aims for a more equal distribution between the genders in management.

Lunar wants an open-minded culture, where the individual employee can utilise their competencies in the best possible way, regardless of gender. Lunar employs managers on the premise that the most suitable person is always hired or appointed regardless of gender, ethnicity, social status and age and wants to inspire all employees to become part of Management.

In addition, Lunar offers professional development plans as a part of the growth conversations for all employees in order to ensure each individual's needs are met and our development is

Underrepresented gender percentage

	2022	2023	2024	Ambition 2025
Board (All)	60%	25%	2 out of 5 40%	40%
Executive Management Team	0%	50%	1 out of 2 50%	40%
Bank Management Team*	33%	25%	1 out of 4 25%	40%
All Managers	41%	39%	14 out of 28 50%	45%

* The Bank Management team = Chief Risk Officer, General Counsel and Chief Credit officer

Lunar has set the following specific targets:

- Lunar's employees must experience the same career and Management opportunities regardless of their gender
- Lunar's employees must be paid equitably in terms of males and females

→ Environmental, Social and Governance Responsibility

During 2024, Lunar has achieved the following milestones:

- Maintained zero emissions in Scope 1 and nearly zero emissions in Scope 2, with over 85% of our electricity sourced from green energy.
- Reduced CO2e emissions per user by 19% compared to 2023.
- Removed 35 tons of plastic from the world's rivers and oceans.

Policies on environmental impact

Lunar activity does not pose a heavy impactful to the environment, which is why a policy for reducing impact on the environment has not been set. As per 2024, our focus is directed towards partnerships etc. to fulfil our social responsibility for reducing environmental impact.

However, due to the expected upcoming changed regulatory requirements that focus on our own operations impacts as absolute, and to be comparable to other players in the industry, the Board of Directors and Executive Management will reassess the policies that should be implemented to further the work with Lunar's environmental impact during 2025.

Policies on climate impact

Likewise, Lunar has no policies on reducing climate impact following activities of the company. From 2022, Lunar has published yearly ESG reports, where independent experts measured the total emissions from Lunar's activities (direct and indirect emissions).

Following the process, Lunar made a commitment to reduce emissions towards 2025. Going forward, focus will be on more detailed strategies to decarbonise its own operations, and be comparable to other industry players. In the short term, Lunar will work on its transition to report in accordance with the European Sustainability Reporting Standards and pursue a "removal strategy" through a partnership with Klimate.co that specialises

in removing carbon emissions through a number of initiatives. Lunar will also engage in reducing the carbon footprint via awareness campaigns, encouraging employees to reduce emissions from transportation and by choosing suppliers and consultants that share the same mentality.

Policies on the social responsibility for ensuring respect to human rights

The Board of Directors and Executive Management of Lunar considers respect for human rights as fundamental and will not engage in business that breaches this. The Board and Management are yet to agree on formal commitments to actively further human rights, and will ongoingly assess if Lunar lives up to social responsibility ensuring respect to human rights. No policy has been implemented on this subject.

Policies on the social environment

Lunar considers their employees and the environment they work in as an integral part of succeeding with the targets set in the business model. Therefore, Lunar has adopted an overarching Policy for Healthy Corporate Culture which is approved by the Board of Directors.

The policy stipulates the overall strategy for ensuring a healthy corporate culture and stipulates certain initiatives for the Executive Management to implement. Furthermore, the Board of Directors has adopted a Diversity Policy which includes target figures for furthering the underrepresented gender. Lunar is committed to achieving a 40/60 balance of gender representation in both Board of Directors and other Management levels.

Policies on anti bribery & corruption

With Lunar Bank being a financial company, the bank has a great responsibility to report any suspicious activities, including those that may involve corruption and bribery. Lunar's commitments to prevent bribery and corruption is described in Lunar's anti bribery & corruption program. The strategy is laid out in the before mentioned Policy for Healthy Corporate Culture and even though Lunar has very low risk of being part of bribery & corruption actions it is still considered absolutely crucial and all employees receive training on an ongoing basis.

Significant risks in relation to ESG related activities

In 2021 and 2022 Lunar went through a transition going from being a start-up to now being considered a scale-up size company which entails a different risk outlook. Some of the significant risks are outlined below.

Environmental risks

Lunar's current operations present a low level of environmental risk when evaluated from both inside-out and outside-in perspectives. Given Lunar's locations and activities, physical climate risks are considered negligible, and transitional climate risks have yet to be identified and assessed as part of Lunar's forthcoming transition plan and materiality evaluation.

From a compliance risk standpoint, Lunar operates in three countries, each with distinct environmental regulations and compliance obligations. Although navigating these requirements can be challenging, the geographical scope remains limited, allowing for relatively straightforward mitigation strategies. By proactively addressing these factors, Lunar aims to maintain its commitment to environmental responsibility while preparing for potential future risks. be challenging, the geographical scope remains limited, allowing for relatively straightforward mitigation strategies. By proactively addressing these factors, Lunar aims to maintain its commitment to environmental responsibility while preparing for potential future risks.

Risks related to the social environment and employee relations

Lunar continuously measures employee engagement including providing an anonymous tool for feedback regarding the working environment, feedback, growth possibilities, and other relevant areas. In addition, Lunar implemented a competency framework ensuring we provide clear expectations for all employees within their current role and what it takes to progress at Lunar. This ensures an equitable and objective way to view expectations, In 2025, we commit to continue on this journey. We will do so by developing an even more detailed review of our framework and its effectiveness and an updated Employee Growth cycle with goal setting, 360 feedback, and more opportunities for employees to reflect and proactively give more input into their contributions.

In 2024, Lunar conducted our first 3rd party independent assessment of how our employees view Diversity, Equity, Inclusion and Belonging in Lunar.

The results of this were shared with all employees by the external vendor. The results showed a very positive view of both inclusion and belonging at Lunar. However, the assessment also showed a relatively homogeneous employee population, which is something Lunar will keep in mind when reflecting on feedback and developing tools. In 2025, Lunar will continue our efforts to increase diversity across the business and especially focus our efforts centred around awareness and education throughout the organization, but with a special focus on our leadership roles.

→ Anti-bribery and corruption risks

With Lunar operating in three countries, each with its own set of laws and regulations regarding bribery and corruption, it remains more difficult to ensure compliance and avoid violations. Lunar may also face increased pressure to win contracts or gain access to resources, which can increase the risk of bribery and corruption. With the growth of Lunar, more interaction with government officials is to be expected, which can increase the risk of bribery and corruption, as well as reputational risks if Lunar is perceived as not acting ethically.

→ Non-financial KPIs

Adopting the Corporate Sustainability Reporting Directive, even voluntarily amidst evolving regulatory changes, will serve as the basis for ESG risk evaluation moving forward. Key aspects such as the double materiality assessment and the identification of risks and opportunities within our value chain will be central, as well as relevant policies to focus on.

The Board of Directors and Executive Management expect to establish KPIs on each relevant ESG component during 2025, after initiating (parts of) CSRD and the transition from a non-standardised report setup to the European Sustainability Reporting Standards.

Further information can be found in the ESG report for 2024 that will be published on www.lunar.app in April 2025.

A modern office interior with light wood desks, multiple computer monitors, and ergonomic chairs. A green rectangular overlay is positioned in the center, containing the text "Financial statements." in white, bold, sans-serif font. The office has large windows in the background, providing natural light. A door in the distance is labeled "SHEPARD".

**Financial
statements.**

Financial statements 1 January – 31 December

→ Income statement and comprehensive income

Note	DKK'000	2024	2023
5	Interest income	410,630	395,522
6	Interest expenses	142,365	117,782
	Net interest income	268,265	277,740
7	Fee and commission income	291,270	178,403
	Fees and commission expense	43,598	60,398
	Net interest and fee income	515,937	395,745
8	Other operating expenses	188,604	0
9	Market value adjustments	3,245	-6,186
10	Staff costs and administrative expenses	703,345	689,562
	Amortisation, depreciation, and impairment charges	75,023	52,709
11	Loan impairment charges etc.	57,378	46,746
	Income from group undertakings	0	-10,624
	Profit/loss before tax	-505,167	-410,081
12	Tax for the year	-1,941	-3,242
	Profit/loss after tax	-503,226	-406,839
	Currency adjustments	4,039	-34,549
	Other comprehensive income after tax	-11,926	29,920
	Total comprehensive income	-511,114	-411,468

Financial statements

→ Balance sheet

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Note	DKK'000	31 December 2024	31 December 2023
	ASSETS		
	Cash in hands and demand deposits with central banks	7,002,720	5,276,804
13	Receivables from credit institutions and central banks	121,105	75,372
14	Loans and other amounts due at amortised cost	15,009	1,067,135
	Bonds at amortised costs	4,105,296	4,830,384
15	Intangible assets	156,109	165,267
	Tax receivables	1,973	0
	Other assets	158,489	112,265
	Prepayments	14,171	49,067
	TOTAL ASSETS	<u>11,574,872</u>	<u>11,576,295</u>

Financial statements

→ Balance sheet

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Note	DKK'000	31 December 2024	31 December 2023
	LIABILITIES AND EQUITY		
	Liabilities		
16	Deposits and other debt	10,616,871	10,623,824
	Other liabilities	274,580	113,847
	Deferred income	39,896	27,965
	Total liabilities	10,931,347	10,765,636
	Provisions		
	Impairment charges on unused credit facilities	0	158
	Total provisions	0	158
	Subordinated debt		
17	Subordinated debt	29,975	29,915
	Total subordinated debt	29,975	29,915
	Equity		
18	Share capital	42,077	42,077
	Share premium	3,644,471	3,300,658
	Retained earnings	-3,072,999	-2,562,148
	Total equity	613,550	780,587
	TOTAL LIABILITIES AND EQUITY	11,574,872	11,576,296

Financial statements

→ Statement of changes in equity

Note	DKK'000	Share capital	Share premium	Retained earnings	Total
	Equity at 1 January 2023	42,077	2,890,207	-2,199,052	733,232
	Capital increase	0	410,451	0	410,451
	Group contributions	0	0	48,534	48,534
	Exchange rate adjustments	0	0	-34,549	-34,549
	Net profit/loss for the year	0	0	-406,840	-406,840
	Share based payments	0	0	-161	-161
	Other comprehensive income	0	0	29,920	29,920
	Equity at 1 January 2024	42,077	3,300,658	-2,562,148	780,587
	Capital increase	0	0	0	0
	Open balance adjustment	0	0	43	43
	Group contributions	0	343,813	0	343,813
	Exchange rate adjustments	0	0	4,039	4,039
19	Net profit/loss for the year	0	0	-503,227	-503,226
20	Share based payments	0	0	221	221
	Other comprehensive income	0	0	-11,926	-11,926
	Equity at 31 December 2024	42,077	3,644,471	-3,072,998	613,550

The share capital comprises shares of nominal value: DKK 1 each. Total outstanding shares as of 31 December 2024 are 42,077,079 (31 December 2023: 42,077,079). The increase in number of shares during 2023 corresponds to the capital increases conducted during the year.

Financial statements

→ Capital and solvency

DKK'000	31 December 2024	31 December 2023
Equity	613,550	780,587
Deductions ¹	-66,008	-78,711
Total core capital after deductions	547,542	701,876
Total Tier 1 capital	547,542	701,786
Subordinated loan capital	3,000	9,000
Total capital base	550,542	710,876
Eligible liabilities	0	20,915
Own funds and eligible liabilities	550,542	731,791
Credit risk	301,241	1,562,352
Market risk	30,945	28,019
Operational risk ²	719,312	426,284
Total risk exposure	1,051,498	2,016,655
Key figures		
Core capital after deductions, ratio (%)	52,1	34,8
Tier 1 capital ratio (%)	52,1	34,8
Total capital ratio (%)	52,4	35,3
OFEL ratio	52,4	36,3

¹ Software assets are recognised with a prudent valuation in accordance with Commission Delegated Regulation (EU) 2020/2176 entered into force 23 December 2020. Software assets included in Common Equity Tier 1 capital amounts to DKK 91,684 thousand (2023: DKK 87,205 thousand).

² 31 December 2023 values have been adjusted. Please see note 1 for further description.



Notes.

Financial statements

→ **Overview of notes in the financial statements**

- 1** Basis of preparation
- 2** Significant accounting estimates, assumptions, and uncertainties
- 3** Financial highlights
- 4** Segments
- 5** Interest income
- 6** Interest expenses
- 7** Fee and commission income
- 8** Other operating expenses
- 9** Market Value adjustment
- 10** Staff costs and administrative expenses
- 11** Loan impairments charges, etc.
- 12** Tax for the year
- 13** Receivables from credit institutions and central banks
- 14** Loans and other amounts due at amortised cost
- 15** Intangible assets
- 16** Deposits
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- 18** Share capital
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- 20** Share based payments
- 21** Fair value information for financial instruments
- 22** Contractual obligations and contingencies ,etc.
- 23** Related parties
- 24** Principles for intra-group trading
- 25** Financial risks, policies, and objectives for the management of the financial risks

Financial statements

Note 1 Basis of preparation 1/9

The annual 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.

With reference to Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. paragraph 137 consolidated financial statements have not been prepared as Lunar Group A/S prepares consolidated financial statements for the group including the Lunar Bank Group.

The annual report is presented in DKK thousands.

Correction of error

The total risk exposure consists of credit, market and operational risk.

Operational Risk Exposure is calculated based on 3 year averages, including the reporting year. Prior to 2024 Lunar has calculated the Operational Risk Exposure at the end of the current year based on 3 year averages from the preceding 3 years, not including the reporting year. This has been changed in 2024 meaning that operational risk at the end of 2024 was based on the 3 years average of 2022, 2023 and 2024. The comparative figures have been corrected in the annual report 2024.

DKK'000	2024	2023 after correction	2023 before correction
Tier 1 capital	547,542	701,876	701,876
Subordinated loan capital	3,000	9,000	9,000
Own funds	550,542	710,876	710,876
Credit risk	301,241	1,562,352	1,562,352
Market risk	30,945	28,019	28,019
Operational risk	719,312	426,284	184,664
Total risk exposure	1,051,498	2,016,655	1,775,035
Tier 1 capital ratio	52.1%	34.8%	39.5%
Total capital ratio	52.4%	35.3%	40.0%

Financial statements

Note 1 Basis of preparation 2/9

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Bank and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Bank, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value except intangible and tangible assets which are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

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

In the income statement income is recognised as it is earned, whereas cost is recognised by the amounts attributable to this financial year. Purchases and sales of financial instruments are recognised on the trading day and recognition ceases when the right to receive/dispense cash flows from the financial asset or liability has expired or if it has been transferred and the Bank has substantially transferred all risks and rewards associated with ownership.

Business combinations

Newly acquired or established entities are recognised in the financial statements from the date of the acquisition. Comparative figures are not adjusted to reflect acquisitions.

The purchase method is applied on acquisitions if the parent company gains control of the respective company. Identifiable assets, liabilities and contingent liabilities in the acquired company are measured at their fair value at the date of acquisition. Intangible assets are recognised if they can be separated or if they arise from a contractual right. Deferred tax on the revaluations is recognised.

Acquisition date is the date from which Lunar Bank gains actual control of the acquired business.

Any excess of the consideration paid for the business over the fair value of the acquired assets, liabilities, and contingent liabilities, is recognised as goodwill under intangible assets. Goodwill is not amortised but is annually tested for impairment. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units that will subsequently form the basis for the future impairment tests. Goodwill and fair value adjustments in connection with acquisition of a foreign entity with a different functional currency than the presentation currency to Lunar Bank is treated as assets and liabilities belonging to the foreign entity and converted to the entity's functional currency with the rate of the translation date. Negative discrepancies, negative goodwill, is recognised in the income statement at the acquisitions date.

Financial statements

Note 1 Basis of preparation 3/9

Significant accounting estimates

The measurement of certain assets and liabilities requires Management to estimate the influence of future events on the value of these assets and liabilities.

The accounting estimates are based on assumptions which, according to Management, are reasonable, but inherently uncertain. The estimates and assumptions are based on future expectations, historical experience and a range of other factors considered reasonable given the prevailing circumstances. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made, and the future periods affected.

Foreign currencies and other comprehensive income

Foreign currencies transactions are translated using the exchange rate at the transaction date. Receivables, liabilities, and other monetary items are translated using the rate of exchange at the balance sheet date. Exchange rate differences between the transaction date and the settlement date or the balance sheet date, respectively, are recognised in the income statement as value adjustments.

Assets and liabilities of units outside Denmark are translated into DKK at the applicable exchange rates at the balance sheet date. Income and expenses are translated at the applicable exchange rates at the transaction

date. Gains and losses arising at the translation of net investments in units outside Denmark are recognised under Other comprehensive income. Net investments include the net assets and goodwill of the units.

Interest income and expenses

Interest income and expenses are accrued over the lifetime of the transactions and recognised in the income statement at the amounts relevant to the financial reporting period.

Fee and commission income and expenses

Fee and commission income are measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are deducted in the income.

Fees are recognised as income when received and sales of services, which include subscriptions, are recognised as income on a straight-line basis over the subscription period.

Other operating expenses

Other operating expenses include expenses not related to interest income or fee and commission income.

Market value adjustments

Market value adjustments include value adjustments of assets and liabilities measured at fair value. Foreign currencies adjustments are also included.

Staff costs and administrative expenses

Wages, salaries and other types of remuneration are expensed in the income statement as earned. Compensated absence commitments are expensed as the actual number of holidays are earned and spent.

Administrative expenses comprise expenses paid in the year to manage and administer the Bank, including expenses related to outsourcing and IT services.

Amortisation, depreciation and impairment charges

The item comprises amortisations, depreciation and impairment charges of intangible assets. Impairment charges derives from impairment tests performed on intangibles as elaborated below. The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/ depreciated on a straight-line basis over the expected useful life.

The expected useful lives of the assets are as follows:

Customer relations	5 years
Software	3-5 years

Financial statements

Note 1 Basis of preparation 4/9

Loan impairment charges etc.

After initial recognition, amounts due to the bank are measured at amortised cost less impairment losses. Accounting principles for impairment charges etc. are elaborated in subsequent sections on Loans and Impairment.

Taxes

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/ loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities are entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Cash in hands and demand deposits with central banks

At initial recognition, cash in hands and demand deposits with central banks are measured at fair value.

Subsequently, they are measured at amortised cost.

Receivables from credit institutions and central banks

At initial recognition, receivables from credit institutions and central banks are measured at fair value. Subsequently, they are measured at amortised cost, using the effective interest method, less impairment charges for expected credit losses. The impairment charges are based on the three-stage impairment model elaborated in subsequent sections on Loans and impairment.

Bonds at amortised cost

The account comprehends bonds that are measured at amortised cost until maturity. See Financial assets at amortised cost section below for further description of the criteria's that are fulfilled to apply amortised cost as measurement method and the interest income recognition principles.

Intangible assets

Goodwill is calculated as the difference between the purchase price of the business transfer and the fair value of its net assets, including contingent liabilities, at the time of the transaction.

Other intangible assets consist of customer relations and software investments. At initial recognition customer relations and software are measured at cost, corresponding to the estimated fair value at the time of acquisition. Subsequently, customer relations and software are meas-

ured at cost less accumulated amortisations and depreciations. Amortisation is based on the estimated useful lives of the assets, which is set at 5 years.

An impairment test is performed for intangible assets if there is objective evidence of impairment. The impairment test is made for the activity or business area to which the intangible assets relate.

Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the present value of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behavior and competition.

Intangible assets are written down to the higher of the value in use and the net selling price for the activity or the business area to which the intangible assets relate, if it is lower than the carrying amount.

Financial statements

Note 1 Basis of preparation 5/9

Financial assets

Classification and measurement

According to IFRS 9, classification and measurement of financial assets depend on the business model and the contractual characteristics of the instruments. Financial assets are measured at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

Financial assets at amortised cost

Financial assets are classified at amortised cost if both of the following criteria are met: the business model objective is to hold the financial instrument in order to collect contractual cash flows (collection business model) and the cash flows consist solely of payments relating to principal and interest on the principal. Disposal of portfolios close to the maturity date and for an amount close to the remaining contractual cash flows or due to a credit risk increase of the customer (debt sale of non-performing portfolio) is compatible with a "collection" business model. Sales imposed by regulatory constraints or to manage the concentration of credit risk (without increasing credit risk) are also compatible with this management model as long as they are infrequent or insignificant in value.

Upon initial recognition, these financial assets are recognised at fair value, including transaction costs directly attributable to the transaction and commissions related to the provision of loans. They are subsequently measured at amortised cost, including accrued interest and net of principal repayments and interest payments made during the period. These financial assets are also initially subject to an impairment calculation for expected credit risk losses (see impairment note). Interest is calculated using the effective interest rate method determined at the inception of the contract.

Financial statements

Note 1 Basis of preparation 6/9

Financial assets (continued)

Financial asset at fair value through shareholders' equity

Financial assets are classified in this category if the business model is achieved by both holding the financial assets in order to collect contractual cash flows and selling the assets and if the cash flows solely consist of payments relating to principal and interest on the principal.

Upon disposal, amounts previously recognised in shareholders' equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

All debt instruments not eligible for classification at amortised cost or at fair value through shareholders' equity are presented at fair value through profit or loss.

Investments in equity instruments such as shares is also classified as instruments at fair value through profit and loss.

Loans and deposit

On initial recognition, loans and deposits are measured at fair value including transaction costs directly attributable to the transaction. The loans are subsequently measured at amortised cost, including accrued interest and net of principal repayments and interest payments made during the period. The deposits are subsequently measured at amortised cost.

Due to credit enhancements in the contracts, no expected credit losses are recognised from the loans since defaulted loan amounts will reduce the deposits with the corresponding amount.

Impairment

Lunar Banks credit risk impairment model is based on expected losses. This model applies to loans and debt instruments classified at amortised cost, loan commitments, and financial guarantee contracts that are not recognised at fair value, as well as to trade receivables.

General impairment model

Lunar Bank identifies three stages each corresponding to a specific situation with respect to the development of the credit risk of the counterparty since the initial recognition of the asset.

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

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

Financial statements

Note 1 Basis of preparation 7/9

Credit-impaired financial assets

Stage 3: a financial asset is impaired and classified as stage 3 when one or more events that have a negative impact on the future cash flows of that financial asset have occurred. At the individual level, an objective indication of impairment includes any observable data relating to the following events:

- The existence of unpaid instalment for at least 20 to 30 days.
- The knowledge or observation of significant financial difficulties of the customer indicating the existence of a credit risk, even if there is no unpaid instalment, including suspected fraud cases, debt restructuring, private bankruptcy and suspensions of payments.
- Concessions granted to the terms and condition of the loans, which would not have been granted in the absence of financial difficulties of the customer.

This is not consistent with the applied default definition as all defaulted financial assets according to CRR article 178 defaulted after 90 DPD are classified as stage 3 financial assets.

Financial assets are derecognised when reliable information indicates that the debtor is in serious financial difficulty and recovery seems unrealistic or when non-performing exposures are sold. Recoveries are recognised in profit or loss.

This general model is applied to all instruments in the scope of the impairment of IFRS 9 measured at amortised cost.

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

Significant increase in credit risk (SICR)

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

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

The categorisation in stages and calculation of the expected loss is based on Lunar's models in the form of PD models developed by third parties and internally. In assessing the development in credit risk, it is assumed that there has been a significant increase in risk compared to the time of initial recognition in the following situations:

- An increase in PD for the expected remaining maturity of the financial asset of 100% and an increase in 12-month PD of 0.5% when the 12-month PD at initial recognition

was below 1.0%.

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

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

Under the general impairment model, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are 1 to 29 days past due. Such financial assets are classified in stage 2.

Measurement of expected credit losses

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

Financial statements

Note 1 Basis of preparation 8/9

In practice, for exposures classified in stage 1 and stage 2, the expected credit losses are calculated as the product of the probability of default (“PD”), the loss given default (“LGD”) and the Exposure at Default (“EAD”) discounted at the effective interest rate of the exposure. They result from the risk of default in the next 12 months (stage 1) or the risk of default over the lifetime of the exposure (stage 2). In the specific business of consumer finance and given the characteristics of the portfolios, the method used by Lunar Group is based on probabilities of transition into the default stage and on discounted loss rates at default. Calculation of the parameters are made statistically by homogeneous populations which also include cyclical fluctuations.

For exposures classified in stage 3, the expected credit losses are calculated as the discounted value at the effective interest rate of the cash shortfall over the life of the instrument. Cash shortfall is the difference between the cash flows that are due by the customer in accordance with the contract, and the cash flow that the bank expects to receive.

Due to models’ uncertainty a management overlay has been added to cover for such uncertainty. Future macroeconomic developments are also taken into consideration via an applied LOPI factor and a scenarios approach, i.e., estimations of optimistic, baseline and pessimistic macroeconomic evolution and impact on the Expected Credit Losses are weighted based on the likelihood of the different scenarios to materialise. The resulting impairment losses are recognised in the income statement under “Loan impairment charges etc”.

Other assets

Other assets, including trade and other receivables, are measured at amortised cost. Financial instruments with positive market values are measured at fair value based on observable market prices.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Deposits

Deposits and other amounts due include deposits with counterparties that are not credit institutions or central banks. Deposits and other amounts due are initially measured at fair value and subsequently amortised cost.

Other liabilities

Other financial liabilities, including trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost. Financial instruments with negative market values are measured at fair value based on observable market prices.

Deferred income

Deferred income is the obligation to transfer services to a customer for which the Bank has received consideration from the customer. If a customer pays consideration before the Bank transfers services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as fee income when the Bank performs under the contract.

Other provisions

At initial recognition, other provisions are measured at fair value. Subsequently, they are measured at amortised cost.

Contingent liabilities

These liabilities encompass obligations that might arise from past events but hinge on the occurrence of future events. Notably, for a liability to be recognized, there must be a present obligation with a probability exceeding 50%. Otherwise, it falls under the category of contingent liabilities.

Subordinated debt

Subordinated debt comprises of Tier 2 capital instruments which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be redeemed until the claims of ordinary creditors have been met. At initial recognition subordinated debt is measured at fair value, equaling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost.

Share-based payments

The value of share-based payments is recognised in the income statement. The most significant conditions of the warrants are disclosed in the notes.

Financial statements

Note 1 Basis of preparation 9/9

Income tax

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income, and tax paid in advance.

Deferred tax

Provisions for deferred tax are calculated at local tax rates applicable in the country segment of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or as a set-off against deferred tax liabilities. Due to uncertainty to realising budget no deferred tax assets has been recognised in the balance sheet.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Financial statements

Note 2 Significant accounting estimates, assumptions, and uncertainties

The preparation of financial statements requires the use of accounting estimates which, by definition, seldom will equal the actual results. Management also needs to exercise judgement in applying the group'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 reviews Lunar Banks capital resources in order to assess the soundness of the bank's investments in expansion.

In the nature of realising plans, budget planning, internal and external factors may create uncertainties related to realising those plans 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.

As part of the ongoing initiatives, Lunar Bank received a capital injection of DKK 30m in January 2025 and will issue a T2 instrument of DKK 130m during Q2 2025.

This has been considered sufficient to enable the group to comply with regulatory capital requirements throughout 2025.

Intangible assets

Lunar Bank has recognised intangible assets at a carrying amount of **156,109 tDKK**. Intangible assets include customer relations, IT platforms and software. Impairment tests are performed to assess the performance of the assets.

Loans and other amounts due at amortised costs

The expected credit loss (ECL) is calculated on loan level as a function of probability of default (PD), exposure at default (EAD) and loss given default (LGD) and it takes into consideration forward-looking information. The estimation of ECL is forecasting future economic conditions over the coming lifetime of all loans in the book. Such forecasts are based on a statistical combined with a judgmental approach, and as such are prone for uncertainties that may have significant risk of resulting in a material adjustment to a carrying amount in future reporting periods.

The incorporation of forward-looking elements reflects the expectations of the Management team and involves a LOPI factor and the creation of scenarios (base case, optimistic and pessimistic), including an assessment of the probability for each scenario weighted based on the likelihood of the different scenarios to materialise.

The weighting of the scenarios was defined as 30 % optimistic, 50 % baseline and 20 % pessimistic. The rationale for this distribution of weight is mostly based on the expected short- and long-term effects of the current macro environmental uncertainty related to energy prices and interest rates.

Due to model risk inherent in the underlying models for ECL estimate, a management overlay has been added.

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Note 3 Financial highlights 1/2

Income statement (DKK'000)	2024	2023	2022	2021	2020
Net interest and fee income	515,937	395,745	194,078	46,906	3,210
Market value adjustments	3,245	-6,186	48,081	-1,154	-286
Staff costs and administrative expenses	703,345	689,562	883,937	494,744	159,544
Write-downs on loans and receivables, etc.	57,378	46,746	138,821	45,948	4,207
Income from group undertakens	0	-10,624	-54,355	0	0
Profit/loss for the year	-503,226	-406,839	-1,476,340	-519,960	-175,971

Balance sheet (end of period) (DKK'000)	2024	2023	2022	2021	2020
Loans at amortised cost	15,009	1,067,135	1,855,025	1,448,586	12,895
Total assets	11,574,872	11,576,295	11,073,288	10,019,876	1,271,392
Deposits	10,616,871	10,623,824	9,979,676	8,376,764	928,280
Equity	613,550	780,587	733,232	1,442,045	258,453

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Note 3 Financial highlights 2/2

Ratios and key figures DKK'000	2024	2023	2022	2021	2020
Capital base (own funds)	550,542	710,876	676,010	787,758	225.620
Total capital ratio (%)	52.4	35,3	33.5	79.1	193.8
Tier 1 capital ratio (%)	52.1	34,8	32.7	81.2	171.0
Return on equity before tax (%)	-72.5	-54.2	-136.0	-61.2	-81.4
Return on equity after tax (%)	-72.2	-53.8	-135.7	-61.2	-82.0
Interest-rate risk	0	0	0.1	0.8	0.2
Currency position	5.7	4.0	0.1	0.3	0.1
Loans relative to deposits (%)	0.4	11.4	19.9	17.9	1.4
Gearing of loans, end of year (%)	6.9	155.1	253	100.5	5.0
Lending growth	-98.6	-42.5	28.0	11,133.7	0
LCR (%)	1,129.5	908.3	901.2	1,008.0	1,737.7
Sum of large exposures	0	0.1	0.6	0.9	0
Net impairment ratio (%)	64.7	11.9	6.9	3.3	24.6
Return on assets (%)	-4.3	-3.5	-14.0	-9.2	-13.8
Average number of full-time employees	97	126	144	95	19
Income/cost ratio	0.6	0.5	0.1	0.1	0.0

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

Operational Risk Exposure is calculated based on 3 year averages, including the reporting year. Previously it has been calculated based on 3 year averages from the preceding 3 years, not including the reporting year. Comparison years have been adjusted to reflect the updated approach.

Please refer to note 1 for further description.

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Note 4 Segments 1/2

DKK'000	2024			Total
	DK	SE	Other	
Interest income	331,806	78,824	0	410,630
Interest expenses	142,215	150	0	142,365
Net interest income	189,591	78,674	0	268,265
Fee and commission income	286,563	4,707	0	291,270
Fee and commission expenses	43,598	0	0	43,598
Net fee income	242,964	4,707	0	247,672
Net interest and fee income	432,555	83,381	0	515,937

DKK'000	Business Tiers	Private Tiers	Financial Products	Treasury	Other	Total
Interest income	0	0	77,106	326,319	7,205	410,630
Interest expenses	0	0	0	138,400	3,965	142,365
Net interest income	0	0	77,106	187,919	3,240	268,265
Fee and commission income	88,607	181,777	9,180	0	11,707	291,271
Fee and commission expenses	966	26,733	0	0	15,900	43,599
Net fee income	87,641	155,044	9,180	0	-4,193	247,672
Net interest and fee income	87,641	155,044	86,286	187,919	-953	515,937

Business tiers include the subscription fees for business customer as well as their usage of various transaction-based services. The same logic applies for private tiers where the subscription fees combined with various transaction based services make up the revenue, but also including invest. Financial tiers are lending-based products as well as central bank deposits, bonds, etc.

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Note 4 Segments 2/2

DKK'000	2023			Total
	DK	SE	Other	
Interest income	263,945	131,577	0	395,522
Interest expenses	114,632	3,150	0	117,782
Net interest income	149,313	128,427	0	277,740
Fee and commission income	171,333	7,070	0	178,403
Fee and commission expenses	45,844	14,554	0	60,398
Net fee income	125,489	-7,484	0	118,005
Net interest and fee income	274,803	120,942	0	395,745

DKK'000	Business Tiers	Private Tiers	Financial Products	Total
Interest income	0	0	395,522	395,522
Interest expenses	0	0	117,782	117,782
Net interest income	0	0	277,740	277,740
Fee and commission income	61,263	106,198	10,942	178,403
Fee and commission expenses	20,741	35,962	3,696	60,398
Net fee income	40,523	70,236	7,246	118,005
Net interest and fee income	40,523	70,236	284,986	395,745

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Note 5 Interest income

DKK'000	2024	2023
Loans and other receivables	83,442	135,638
Interests on deposits and other debt	316	151
Interest income investments in bonds	132,809	124,489
From credit institutions and central banks	194,063	135,243
Total	410,630	395,522

Note 6 Interest expenses

DKK'000	2024	2023
Negative interest paid on deposits in credit institutions and central banks	0	3,150
Subordinated debt	3,966	3,818
Interests on deposits and other debt	138,199	110,541
Other interest expenses	201	273
Total	142,365	117,782

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Note 7 Fee and commission income

DKK'000	2024	2023
Payment service fees	105,823	64,668
Lending and guarantee fees	24,520	11,507
Other fees and commission income	160,927	102,228
Total	291,270	178,403

Note 8 Other operating expenses

In December 2024, Lunar reached a settlement agreement with the shareholders behind the court case relating to Lunar's offer to buy Instabank. The payment to the shareholders amounted to DKK 188.6m and have been recognised as Other operating expenses for the year. After the settlement there are no outstanding or potential disputes relating to Instabank.

Note 9 Market value adjustments

DKK'000	2024	2023
Bonds at amortised cost	10,786	0
Foreign exchanges	-19,996	-507
Financial instruments measured at fair value	12,516	-5,619
Other liabilities	-60	-60
Total	3,245	-6,186

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Note 10 Staff costs and administrative expenses

DKK'000	2024	2023
Wages and salaries	79,669	82,003
Pensions	9,346	10,469
Social Security costs	564	1,110
Bonus	12	0
Share-based payments	109	-161
	89,700	93,420
Other administrative expenses	613,645	596,141
Total	703,345	689,562

Number of employees in the financial year

Full-time equivalent employees	97	126
Executive Board	2	2
Employees whose activities have a significant impact on the bank's risk profile	8	7
Board of Directors	5	4

Salaries and remuneration to employees whose activities have a significant impact to the bank's risk profile accounted for DKK 7,281 thousand (2023: DKK 4,011 thousand) of which incentive programs account for DKK 81 thousand (2023: DKK 162 thousand).

Salaries and remuneration to the executive board was DKK 4,555 thousand (2023: DKK 3,278 thousand) of which incentive programs account for DKK 35 thousand (2023: DKK -441 thousand). Salaries and remuneration to the board of directors was DKK 1,175 thousand (2023: DKK 918 thousand) of which incentive programs account for DKK 0 thousand (2023: DKK 5 thousand).

The numbers above reflect the cost on the warrant programs which have to be recognized in relation to the vesting periods relatively. No board members or executive board members were granted warrants in 2024.

The total annual fee paid to the audit firm responsible for the statutory audit has not been disclosed. Other than the statutory audit and the issuance of assurance statements, the external auditors have not provided any non-audit services to the Bank. Refer to the consolidated financial statements of Lunar Group A/S for further details.

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Note 11 Loan impairment charges

DKK'000	2024	2023
Change in ECL during year	11,607	-21,792
Realised losses	43,463	68,325
Other movements	2,308	213
Total	57,378	46,747

Loan impairment charges include impairment charges for expected credit losses on loans and overdraft facilities. Changes in total allowance account during the year is further elaborated in note 27.

Note 12 Tax for the year

DKK'000	2024	2023
Current year tax charges	-1,973	-2,398
Adjustment of current tax previous years	32	-843
Deferred tax adjustment for the year	0	0
Total	1,941	-3,242

At 31st of December 2024 the Bank has unrecognised deferred tax assets in the level of 520 million that can be set off against future taxable income (2023: DKK 570 million)

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Note 13 Receivables from credit institutions and central banks

DKK'000	2024	2023
Central banks	0	0
Credit institutions	121,105	75,372
Total	121,105	75,372
Distribution of terms by maturity		
Overnight	121,105	75,372
Up to three months	0	0
Total	121,105	75,372

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Note 14 Loans and other amounts due at amortised cost

DKK'000	2024	2023
Overnight	0	84,505
Up to three months	214	478
From three months to one year	4,500	6,141
From one year to five years	10,295	127,804
More than five years	0	848,207
Total	<u>15,009</u>	<u>1,067,135</u>

See note 27 for a detailed description of financial risks incl. Lunar's credit exposure.

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Note 15 Intangible assets 1/3

DKK'000	Goodwill	Customer relations	Software	Software in process	Total
Cost at 1 January 2024	588,387	46,000	253,983	12,667	901,037
Additions	0	0	59,716	6,453	66,170
Transfers	-588,367	0	9,534	-9,534	0
Customer translation differences	0	0	-152	0	-152
Cost at 31 December 2024	0	46,000	323,081	9,586	967,054
Amortisation and impairment at 1 January 2024	588,387	46,000	100,914	469	735,770
Amortisation	0	0	57,663	0	57,663
Impairment	0	0	17,360	0	17,360
Transfers	588,387	0	469	-469	0
Exchange rate adjustment	0	0	152	0	152
Amortisation and impairment losses at 31 December 2024	0	46,000	176,558	0	810,945
Carrying amount at 31 December 2024	0	0	146,523	9,586	156,109
Amortised over		5 years	3-5 years		

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Note 15 Intangible assets 2/3

DKK'000	Goodwill	Customer relations	Software	Software in process	Total
Cost at 1 January 2023	588,387	46,000	209,392	10,689	854,477
Additions	0	0	36,359	10,061	46,420
Transfers	0	0	8,092	-8,092	0
Customer translation differences	0	0	140	0	140
Cost at 31 December 2023	<u>588,387</u>	<u>46,000</u>	<u>253,983</u>	<u>12,667</u>	<u>901,037</u>
Amortisation and impairment at 1 January 2023	588,387	46,000	48,292	0	682,679
Amortisation	0	0	51,852	0	51,852
Impairment	0	0	388	469	857
Exchange rate adjustment	0	0	382	0	382
Amortisation and impairment losses at 31 December 2023	<u>588,387</u>	<u>46,000</u>	<u>100,914</u>	<u>469</u>	<u>735,770</u>
Carrying amount at 31 December 2023	<u>0</u>	<u>0</u>	<u>153,069</u>	<u>12,198</u>	<u>165,267</u>
Amortised over		5 years	3-5 years		

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Note 15 Intangible assets 3/3

The Bank's intangible assets are tested for impairment at least once a year by testing at the level of identifiable cash generating units to which intangible assets have been allocated. Further, if intangible assets in a cash-generating unit is fully impaired, a further impairment loss is recognized as an impairment loss on intangible or tangible assets, if any.

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Note 16 Deposits and other debt

DKK'000	2024	2023
Deposits	9,939,615	10,024,794
Term deposits	677,256	599,030
Total	<u>10,616,871</u>	<u>10,623,824</u>
Deposits of terms by maturity		
Overnight	9,939,615	10,024,796
Up to three months	218,805	104,479
From three months to one year	307,024	157,836
From one year to five years	151,427	336,712
More than five years	0	0
Total	<u>10,616,871</u>	<u>10,623,824</u>

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Note 17 Subordinated debt

Lunar Bank has taken out the following subordinated loans:

DKK'000		Interest rate		Carrying amount	
Loan	Maturity	2024	2023	31 December 2024	31 December 2023
Loan 1, Nominal DKK 30,000	2025	9.420% + CIBOR 3M	9.420% + CIBOR 3M	29,975	29,915
				29,975	29,915

The subordinated loan is qualified as a Tier 2 instrument pursuant CRR regulation. In 2024 the costs from subordinated loans amounts to DKK 4,026 thousand (2023: DKK 3,878 thousand) whereas DKK 3,966 thousand (2023: DKK 3,818 thousand) are interests. On 31 December 2024 the carrying amount of amortized borrowing costs amounts to DKK 60 thousand (2023: DKK 85 thousand).

The loan has no installments before repayment of the full amount at July 1st 2025. Due to amortization profile of the subordinated debt, the Tier 2 weighting has been reduced by 1/60 part each month over the 5 years maturity. At 31 December 2024, DKK 3,000 thousand is recognized in the capital base.

Tier 2 instruments with a residual maturity of at least one year are considered eligible liabilities, to the extent that they do not qualify as Tier 2 items in accordance with CRR article 64.

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Note 18 Share capital

DKK'000	2024	2023
Share capital at 1 January	42,077	42,077
Capital increases	0	0
Share capital at 31 December	42,077	42,077
Number of shares	42,077,079	42,077,079

Lunar Bank does not hold own shares. The share capital comprises of shares of DKK 1 nominal value each. There has been no capital increases in the financial year 2024.

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Note 19 Proposed distribution of profit/loss

DKK'000	2024	2023
Retained earnings	-503,266	-406,840
Total	-503,266	-406,840

Note 20 Share-based payments

In 2017, a warrant program was established for the benefit of Management and certain key employees in the group. The program allows the Board of the parent company to issue warrants to key employees with a vesting period of up to 5 years under the authorization of the shareholders. Over the years, further programs have been added to allow for more employees to receive warrants as a retention and incentive scheme.

Exercising warrants is only an option upon an Exit event or upon maturity of the warrants, in which case the warrants holders are entitled to subscribe for shares in Lunar Group A/S at a pre-defined strike price. All warrants, across the programs mature in the period between 1 August 2028 and 28 February 2029, which is the ultimate deadline for exercising, unless there has been an exit event prior to maturity. Until 2020 the valuation principles have been using the guidance in the Tax assessments Act. From 2021, Black Scholes valuation has been introduced and used for the recognition and accounting treatment of share-based payments. During 2024 costs related to the warrant program of DKK 109 thousand has been recognized in the income statement (2023: DKK -161 thousand).

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Note 21 Fair value information for financial instruments

Lunar has assessed that for financial instruments measured at amortised cost the carrying amount is a reasonable approximation.

In 2024 Lunar entered financial instruments with a maturity up to 3 months. Those financial instruments are mainly FX swaps which are entered 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 31 December 2024 is disclosed in the table below.

	Net Nominal position (thousand)	Net market value (DKK'000)	Positive market value (DKK'000)	Negative market value (DKK'000)
Forwards - SEK	SEK 16,972	21	389,000	-368
Forwards - NOK	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 917,024 thousand are placed in a long position, while SEK 0 thousand are placed in a short position.

Lunar's position of financial instruments at 31 December 2023 is disclosed in the table below.

	Net Nominal position (thousand)	Net market value (DKK'000)	Positive market value (DKK'000)	Negative market value (DKK'000)
Forwards - SEK	SEK 17,208	-138	3	3,624
Forwards - NOK	NOK 180,000	-43	0	43
Swaps - EUR	EUR 1,500	0	0	0
Swaps - SEK	SEK 415,948	-9,245	1,218	10,463
Swaps - NOK	NOK 225,000	0	0	0

Of the total nominal net position of SEK swaps at 31 December 2023 SEK 827,948 thousand are placed in a long position, while SEK 412,000 thousand are placed in a short position.

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Note 22 Contractual obligations and contingencies, etc.

Contingent liabilities

On 31 December 2024 unaccepted loan commitments amounts to 0 tDKK and unused credit facilities amounts to 0 tDKK total 0 tDKK (2023: 3,281 tDKK in total).

Of the total value of bond holdings 429,288 tDKK have been provided as collateral to other credit institutions (2023: 492,157 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 Resolution Fund is recognised as operating expenses. 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, related to the withholding of tax on interest, royalties and dividend 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.

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Note 23 Related parties

Lunar Bank is 100 % owned by Lunar Group A/S, Hack Kampmanns Plads 10, 8000 Aarhus C, who thereby have a majority holding. 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.

Remuneration of the Executive Board and the Board of Directors are disclosed in note 9.

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Note 24 Principles for intra-group trading

Intra-group transactions and services are settled on an arm's length basis and/or a cost-plus pricing basis.

DKK'000	2024	2023
Income statement		
Re-invoiced staff costs to other group entities	6,192	4,743
Outsourcing fee to Lunar Way A/S*	355,604	347,354
Outsourcing fee to Lendify AB Group **	57,104	82,612
Development projects invoiced to affiliated companies	1,283	39,967
Service fee invoiced to affiliated companies	815	2,621
Intercompany interest income from parent company	0	1,008
Intercompany interest income from affiliated companies	0	16,706
Share-based payments	0	-161
Balance sheet		
Business transfer from affiliated companies	0	246,030
Share acquisition from affiliated companies	0	0
Software acquisition from affiliated companies	0	0
Receivables from affiliated companies	50,109	53,183
Receivables from parent company	0	329
Loans to affiliated companies	0	83,833
Payables to affiliated companies	34,212	8,086

*Services purchased from Lunar Way A/S according to an intra-group outsourcing agreement. These services include general administration, marketing and costs related to tech staff.

**Services purchased from Lendify AB and subsidiaries according to an intra-group outsourcing agreement. These services include general administration, marketing and costs related to software licenses.

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Note 25 Financial risks and policies and objectives for the Management of financial risks 1/9

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 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 risk: The risk of insufficient capital negatively affecting the bank's ability to pursue its business strategy.

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 behavior 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. For existing customers in Lunar, i.e. more than 3 months on the book, individual rules or internally developed PD-score model is applied.

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Note 25 Financial risks and policies and objectives for the management of financial risks 2/9

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

DKK'000	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 2024	2,647	953	38,929	42,529
Distribution in segments				
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
Finance and insurance	91	127	2,043	2,261
Service	8	49	509	566
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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Note 25 Financial risks and policies and objectives for the management of financial risks 3/9

Below, the gross credit exposure on 31 December 2023 is distributed in rating scales.

DKK'000	Stage 1	Stage 2	Stage 3	Total
A	115,298	917	269	116,485
B	157,513	2,877	1,905	162,295
B-C	1,131	89	0	1,220
C	248,719	5,257	2,416	256,391
D	355,777	6,086	5,403	367,266
D-E	0	0	0	0
E	83,866	3,848	5,151	92,865
F	34,136	61,103	118,900	214,139
Gross carrying amount at 31 December 2023	996,440	80,176	134,044	1,210,660
Distribution in segments				
<i>Business, including:</i>				
Construction	132	52	533	717
Retail	44	8	218	270
Transport, hotels and restaurants	82	14	350	446
Information and communication	155	19	118	292
Finance and insurance	205	79	778	1,062
Service	83,846	22	107	83,976
Other segments	153	27	345	525
Business, total	84,618	220	2,449	87,287
Private	911,822	79,956	131,596	1,123,373
Total	996,440	80,176	134,044	1,210,660

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Note 25 Financial risks and policies and objectives for the management of financial risks 4/9

Historically, the maximum loan granted to individual customers is DKK 150 / SEK 500 thousand. 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 in 12 months (stage 1). In case of a significant deterioration of the credit risk, the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset (stage 2). In case of objective indication of impairment is registered (stage 3), the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset but based on a probability of default of 100%.

Due to models' uncertainty managerial adjustments are added on a monthly basis to cover for such uncertainty. As of 31 December 2024, managerial adjustments amount to DKK 69.8 thousand (31 December 2023: DKK 46,100 thousand)

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Note 25 Financial risks and policies and objectives for the management of financial risks 5/9

Future macroeconomic developments are also taken into consideration via a scenarios approach, i.e., estimations of positive, baseline and pessimistic macroeconomic evolution and impact on the Expected Credit Losses are weighted based on the likelihood of the different scenarios to materialize.

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

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

Development on accumulated impairment charges on loans at amortised cost

DKK'000	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 from Stage 1	-441	40	694	293
Transfer from Stage 2	0	-125	468	343
Transfer from 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 25 Financial risks and policies and objectives for the management of financial risks 6/9

The table below shows the changes in total impairment charges recognised at 31 December 2023 for loans at amortised cost.

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2023	38,145	64,739	25,023	127,907
ECL on new assets	7,643	33,019	30,435	71,098
Transfer from Stage 1	2,098	7,035	28,745	37,878
Transfer from Stage 2	9,282	-47,626	25,645	-12,699
Transfer from Stage 3	18	44	-15,643	-15,580
Assets derecognised	-10,776	-37,869	0	-48,646
Write offs debited to the allowance account	0	0	-16,316	-16,316
Other movements	0	0	-117	-117
Impairment charges at 31 December 2023	46,410	19,342	77,773	143,525

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Note 25 Financial risks and policies and objectives for the management of financial risks 7/9

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

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2024	72	15	71	158
ECL on new assets	0	0	0	0
Transfer from Stage 1	-7	0	0	-7
Transfer from Stage 2	0	0	0	0
Transfer from 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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Note 25 Financial risks and policies and objectives for the management of financial risks 8/9

The table below show the changes in total impairment charges recognised at 31 December 2023 for unused credit facilities.

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2023	80	23	0	103
ECL on new assets	66	14	32	112
Transfer from Stage 1	-12	1	20	9
Transfer from Stage 2	3	-13	13	2
Transfer from Stage 3	0	0	6	6
Assets derecognised	-64	-11	0	-75
Write offs debited to the allowance account	0	0	0	0
Other movements	0	0	0	0
Impairment charges at 31 December 2023	73	14	71	158

Only private clients have unused credit facilities, hence no distribution in business segments.

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Note 25 Financial risks and policies and objectives for the management of financial risks 9/9

Market and liquidity risk

Taking on market and liquidity risk is necessary as an integrated part of doing business. Lunar has low risk appetite towards market & liquidity risk and engaging in complex financial structures. Hence risk mitigation for potential market risks are covered by plain vanilla products.

Besides cash deposits at the central banks, Nordic Government and highly liquid Nordic mortgage bonds (mainly Danish mortgage bonds with a minimum LCR level 1b) are used as a part of liquidity buffer, whereas the bonds as well are used for interest risk management and as collateral for other financial counterparties.

Recognising that we have now become a cross border bank, we to a higher instant also foresee that we will start utilizing other aspects for liquidity management, such as short maturity covered bonds in Norway and Sweden and repos. This will make us more flexible and aligned with market practice, and we also expect it to be in the interest of our shareholders.

We do not see significant nor increased complexity or risk-taking as a result of moving into a more flexible setup for handling our liquidity. We consider it a natural part of acting in different jurisdictions with different needs for liquidity management while continuing to work within a 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 and this ability is reflected in the capital planning. The objective of Lunar Bank's capital management framework is to ensure that Lunar Bank at any time has a sufficient level and quality of capital to support its business ambitions and to absorb unexpected losses under a severe economic downturn without breaching regulatory capital requirements

