Pilar III 2023

According to Basel III and

The Capital Requirements Regulation

1 INTRODUCTION

This document describes the risk and capital management of Maritime & Merchant Bank ASA ("the Bank").

The document thus covers the requirements set out in the capital regulation on the disclosure of financial information (Pilar III) under the Basel III regulations and the Regulations for Capital Requirements part XI.

All numbers and calculations shown in the document are based on numbers per. 31.12.2023.

The Bank also conducts a minimum annual analysis of the capital requirement in relation to risk levels and the Bank's capital situation (the Bank's ICAAP and Pilar II ratings). This document is updated according to the reviews made there.

The Bank uses the standard method for calculating capital requirements for credit risk. This implies that official and standardized risk weights are used to calculate the capital requirement.

For the calculation of capital requirements for operational risk, the basic method is used, which implies that the capital requirement is calculated in relation to income for the last 3 years (Maritime & Merchant Bank uses revenues for 2021, 2022 and 2023). The Bank does not have a trading portfolio and therefore does not allocate capital requirements for market risk in relation to this.

The purpose of having systems, routines and documentation in relation to the Bank's risk profile and capital management is to create certainty that the Bank has adequate capital to cover the risk associated with its business. This helps to ensure that the Bank has a continuous process for assessing overall capital requirements in relation to the Bank's risk profile at any given time. It must be stressed that this is a process that includes all of the Bank's business and that it is the Board of Directors that sets the conditions for this work. The purpose is also to help ensure that this can help the Bank refine and improve its risk management. This is done via the ongoing processes that take place in the Bank in connection with this and also through periodic audits.

The systems, routines and documentation associated with risk assessment and control cover the entire Bank. No areas are omitted. The guidelines and routines for managing and controlling risk in the Bank cover the following risks:

- Credit, concentration and counterparty risk
- Liquidity risk
- Market risk
- Interest rate risk
- Operational risk (including IT, AML, GDPR and New Products)
- Strategic risk
- ESG risk

2 CAPITAL REQUIREMENTS

The Bank's Risk Policy provides a general description of the types of risk the Bank faces and how the Bank should act in relation to these. This is described in the Bank's Risk Policy.

The Bank must at all times maintain control over the risks it faces. In cases where the risk is greater than what is acceptable in relation to our policy, measures must immediately be taken to reduce the risk.

Different risks within the various areas will have different probabilities of occurring and different consequences for the Bank. The emphasis must be to focusing on the risks with the greatest consequences.

Banking entails systematic risk taking versus risk pricing. This means that the risk must not be so high that it threatens the existence of the Bank, while at the same time it must not be so low that it threatens the Bank's earnings. The Bank accepts a moderate risk for its total business.

2.1 COMMON EQUITY TIER 1 (CET 1)

Below is an overview of the Bank's capital and minimum capital requirement regarding Pilar I calculated using the standard method regarding credit risk method and the basic method regarding operational risk. The Bank's capital base consists only of Common Equity Tier 1 (CET 1) capital.

Amounts in 1 000 USD	**Calculation Basis**	**Risk Weight**	**Balance**
Share capital	9 709		9 709
Other reserves	121 874		121 874
- Dividend	- 5 160		- 5 160
- Deferred tax assets and intangible assets	- 61		- 61
- This year’s result	-		-
- Adjustments to CET1 due to prudential filters	- 144		- 144
Common Equity Tier 1 (CET 1)	**126 215**		**126 215**
Credit Risks			
+ Bank of Norway	-	0%	6 546
+ Local and regional authorities	-	0%	13 153
+ Institutions	13 477	20%	67 385
+ Companies	302 069	84%	358 752
+ Covered bonds	12 245	10%	122 454
+ Shares	243	100%	243
+ Other assets	1 679	100%	1 679
Total Credit risks	**329 713**		**570 212**
+ Operational risk	38 674		
+ Counterparty risk derivatives (CVA-risk)	2 944		
Total calculation basis	**371 330**		
Capital Adequacy			
Common Equity Tier 1 %	**34.0%**		
Total capital %	**34.0%**		

Maritime & Merchant Bank

2.2 LEVERAGE RATIO

Maritime & Merchant Bank's capital target for the leverage ratio is 10.00%.

The requirement from The Financial Supervisory Authority of Norway is 3% leverage ratio.

The leverage ratio for Maritime & Merchant Bank was 21.68 % on 31.12.2023.

2.3 BUFFER REQUIREMENTS

Maritime & Merchant Bank's **Countercyclical buffer** is calculated like this:

Exposure to customers by geographical location *(1)*	**USD**	**Country-specific buffer**	**Capital requirements**	
			USD	**%**
Norway	143 325 726	2.50 %	3 583 143	2,50 %
Germany	33 752 606	0.75 %	253 145	0,75 %
USA	23 754 029	0.00 %	-	0,00 %
Hong Kong	9 250 407	1.00 %	92 504	1,00 %
Other Countries	91 985 712	2.50 %	2 299 643	2,50 %
Other Assets and shares	625 069	2.50 %	15 627	2,50 %
Total	**302 693 549**		**6 244 061**	**2.06 %**

(1) Loans = Loans + Committed loans - Cash Pledge

Maritime & Merchant Bank's **Systemic Risk buffer** is calculated like this:

Exposure to customers by geographical location *(1)*	**USD**	**Country-specific buffer**	**Capital requirements**	
			USD	**%**
Norway	143 325 726	4.50 %	6 449 658	4.50 %
EU countries (without System Risk Buffer)	33 752 606	0.00 %	-	0.00 %
Other countries	124 990 148	0.00 %	-	0.00 %
System Risk Buffer Other	26 717 170	4.50 %	1 202 273	4.50 %
Total	**328 785 651**		**7 651 930**	**2.33 %**

(1) Loans = Loans + Committed loans - Cash Pledge

3 RISK ANALYSIS

The Bank's risk is managed in accordance with the Bank's various policies and routines. Expertise will be a means of management and control in all areas.

As far as the management of credit risk is concerned, this is performed in accordance with the regulations for capital adequacy as they are described in Circular 03/2022. The overarching guidelines for managing credit and counterparty risk are described in detail in this document. This specifies that the Bank uses the standard method. Further descriptions are provided in the underlying policies and routines for this area.

Credit risk is the risk of the Bank incurring losses in connection with granting credit due to the customer being unable to fulfil their obligations. This is one of the risks that can have the greatest consequences and is thus one of the risks the Bank must focus on and monitor most.

The key prerequisites for reducing this type of risk are good credit assessments, as well as good routines, systems and tools for granting credit and monitoring loan commitments.
A special Credit Policy has been prepared that describes this in more detail.
The Bank's Credit Policy states that debt servicing capacity is the most important criteria when considering granting credit. Thereafter, the collateral is assessed. The policy also requires that all credit customers have adequate insurance cover.

The Bank must maintain control over its credit risk at all times through the use of good systems and routines for granting credit and monitoring commitments. The Bank wants to maintain a moderate risk profile when it comes to credit risk.

3.1 STATUS

The profit for 2023 the period before tax is USD 18 572 116 (USD 13 627 283) and profit after tax is USD 12 899 987 (USD 7 188 696). The bank has zero credit losses and no distressed loans. The return on equity before tax was 15% in the 4th quarter of 2023 (13.8%).

The dividend for 2023 is USD 0.063 per share for 2023 (Total USD 5 159 995), which is 40% of profit after tax.

2023 was a new year characterized by war, conflicts, and geo-political unrest. The war between Ukraine and Russia has raged on unabated. The attack by Hamas on Israel has triggered a regional conflict with major consequences in an already vulnerable area. Unfortunately, both conflicts seem to be far from a solution, at least in the short term.

Despite fears of inflation and general uneasiness about growth in the economy in the industrialized part of the world, global stock exchanges have consistently shown rising indices throughout the year.

However, growth in the world economy is moderate and according to OECD’s calculations global growth rose by an estimated 3,1% in 2023, is expected to slow to 2,9% in 2024 and then increase to 3% in 2025. OECD points out that further growth depends on Asian economies are developing positively.

War and crisis situations have historically often influenced the shipping markets in a positive direction and the current situation is no exception. The tanker market is experiencing a boom with a strong rate development throughout the year and with a corresponding increase in ship values. Recent developments in the Middle East have reinforced this.

The dry cargo market was disappointing through parts of the year with a long-awaited recovery towards the end of the year and the start of 2024 has given reason for some optimism. For both tank and dry cargo, the order book for newbuilding is moderate in a historical perspective and the delivery time for newbuilding is beginning to approach 3 years on average.

The container market has been characterized by many analysts as a "predicted disaster" because of a contracting wave in connection with the extreme rate development in 2020-22. Rates have come down significantly from historical levels, but the market is currently somewhat more stable than many forecasts suggested, but there are many uncertainties now that we are looking ahead. Phasing out older tonnage and compliance with the IMO regulations for emissions will be key factors.

The strong focus on what will be the fuel of the future for ships continues. Green ammonia, methanol and hydrogen are all in the news basically every day. The various options have their own characteristics and corresponding pros and cons. The big challenge will be to raise production to a volume that can meet demand on a global level. The access to sufficient green electric power will inevitably be the key issue.

The supply of credit to the maritime sector has been maintained at a high level. Not only traditional banks but also alternative lending platforms and various fund constellations offer financing, so there is coverage to say that there is sufficient loan capital available for both project-based and company financing. The market is characterized by quite fierce competition and margins are under pressure.

The requirements for safe and reliable transport are increasing. Deliveries of critical goods to protect life and health in vulnerable areas are vital. Maritime transport is and will be the key element in safeguarding the safety of the population. We will contribute in our own way by financing projects for customers we know take this heavy responsibility seriously through professional operation and management.

3.2 IT

Given the inherent IT-risks for a bank, this area is subject to continuous monitoring. IT-related risks are closely monitored and included in the Bank's risk reporting to the Board and executive management team. The Internal Audit also carries out independent reviews in this area.

3.3 CREDIT RISK

Credit risk is the major risk to the Bank. Maritime & Merchant Bank ASA may face a loss if the borrower is not able to pay interest or principal as agreed upon, provided the pledged collateral is not sufficient to cover the Bank’s exposure.

The Bank monitors market developments in segments where it has exposure and takes a proactive approach towards the risks taken.

The Bank's internal credit strategy has limits for maximum exposure to the various shipping segments, and Acceptable Risk Criteria form guidelines for the lending strategy.

The Bank uses an internally developed scorecard model for assessing the credit risk in the loan portfolio. The scorecard model predicts Probability of Default (PD), Loss Given Default (LGD) and risk class (from 1 to 10). Default is failure to satisfy the terms of a loan obligation or failure to pay back a loan.

Significant judgements are required when assessing models and assumptions, and resulting estimates are thus uncertain in nature. The model is based on experience and criteria well known in scoring models. The model is validated on a regular basis.
Forward looking factors, like expected freight earnings and ship values, are based on one year forward estimates. Time charter rates for each specific segment and interest rates that are used in the model are those prevailing at the time of scoring.

Input in the scoring model for establishing the PD for one specific exposure can either be the actual earnings based on freight contracts entered into, or shipbrokers earnings estimates for the next 12 months, normally expressed in the time charter rates for the period going 12 months forward.

When a loan is granted, the PD is estimated for the full tenor of the loan, and projected future cash flow is based on long term time charter rates for similar tenor (if available) in combination with consideration of low rate scenarios.

Risk classification is done once per year as a minimum in connection with annual renewal of exposures, or more frequently if there are shifts in input factors which are not regarded as temporary.

<u>Risk classes and credit score:</u>

Very low risk	Credit score: 1-2	PD:	0.00 – 0.25%
Low risk	Credit score: 3-4	PD:	0.25 – 1.00%
Medium risk	Credit score: 5-7	PD:	1.00 – 3.00%
High risk	Credit score: 8-9	PD:	3.00 – 8.00%
Loss exposed	Credit score: 10-11	PD:	> 8.00%

<u>Factors in scorecard PD - model:</u>

<u>Quantitative factors:</u>

- Loan to value (LTV) – Value Adjusted Equity
- Interest coverage – Cash flow to support interest payment
- Instalment coverage – Cash flow to support instalments
- Current Ratio
- Free Cash

<u>Qualitative factors</u>

- Corporate structure
- Ownership

- Technical management
- Commercial management

Factors in LGD model:
- Age of vessel
- Liquidity of vessel type (specialised tonnage)
- Yard/Country
- Net loan exposure above scrap value
- Enforcement cost
- Jurisdiction
- Corporate complexity
- Covenant Structure
- ESG

Expected Loss (EL)
EL = PD * LGD * EAD
EAD = Exposure at Default (Notional + Accrued Interest - Cash Reserves)

3.3.1 Loss allowance

The EL is performed on an individual basis. After the transition to IFRS 9, provisions have been presented as expected loss over 12 months (Step 1) and expected loss over the life of the instrument (Step 2).

Non-performing commitments (Step 3) are commitments where the customer has not paid due instalments on loans within 90 days of maturity (or as described in the Financial Report 31.12.2023, Note 6).

If credit risk has increased significantly after initial recognition but there is no objective proof of loss, an allowance of expected loss over the entire lifetime ("Step 2") has to be made. The individual loss provisions under IAS 39 did not change materially upon the transition to IFRS 9 ("Step 3").

In assessing what constitutes a significant increase in credit risk, the Bank, in addition to the standard's presumption of financial assets that have cash flows that have been due for more than 30 days are subject to significantly increased credit risk, assumed qualitative and quantitative indicators. The most important quantitative indicator the Bank assess is whether it has been a significant increase in credit risk determined by comparing the original likelihood of default and Loss Given Default ("PD x LGD") with the Probability of Default and Loss Given Default ("PD x LGD") at the reporting date. However, when assessing significant increase in credit risk for IFRS 9 purposes, Loss Given Default is not included in the assessment. Based on this the Bank has defined that a doubling in the Probability of Default or an absolute change of 1% constitutes a significant increase in credit risk.

Reclassification of commitments from Step 2 to Step 1, is based on an individual assessment. However, there must be some objective evidence that the commitment has recovered.

The Bank follows qualitative and quantitative indicators on a regular basis and in any situation where there is a suspicion that there have been conditions of negative importance for the commitment/customer.

Macro scenarios

Expected Loss from the Bank's risk score model will be adjusted with a macro scenario factor (MF). The Bank estimates three macro-economic scenarios consisting of factors that will or can have an impact on shipping markets and value appraisal of vessels financed in our portfolio in the respective markets. Each scenario gets assigned a probability and a factor. The factor represent change in Expected Loss or Loss Allowance. The forecast, probability assignment and factor estimation are based on own judgment and experience.

The following factors are included in the macro evaluation process:

- Demand for seaborn shipping (World growth (GDP))
- Supply: Orderbook (shipbuilding), scrapping and idle capacity (utilization)
- Cyclicality (we assume shipping is cyclical and mean reverting)
- Geopolitical and other factors

The probability weighted macro factor (MF) will be multiplied with the Expected Loss and give Loss Allowance (or Macro Scenario adjusted Expected Loss). The factor (MF) is calculated to be 1,6331.

Exposure in the scenario model is the same as at year-end (31.12.2023).

Loss Allowance and Impairments

Loss allowance	**31.12.2023**	**31.12.2022**	**31.12.2021**	**31.12.2020**
Step1	1 298 277	1 345 649	618 860	659 824
Step2	436 250	568 370	826 436	779 360
Step3	0	0	0	0
Sum	1 734 527	1 914 019	1 445 296	1 439 184
Allowance/Loan Ratio	0,51 %	0,51 %	0.46 %	0,53 %
Impairments (Credit Loss)				386 435

Forbearance

Based on the soft freight markets for the bulk vessels, a small number of clients were granted relief on their contractual debt obligations towards the bank (amortisations only) during-23. All waivers were done in combination with the ultimate owners of the borrowers providing new equity/liquidity into the borrowing entities to strengthen their financial position. Loans with reliefs given are individually assessed to be moderate risk and no significant negative migration.

As per year end 2023 no commitments have been forbearance marked.

		31.12.2023			
Stage	**Number of loans**	**Exposure 2022**	**Amortization relief**	**Interest relief**	**Owner contribution**
1	0	0	0	0	0
2	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

		31.12.2022			
Stage	**Number of loans**	**Exposure 2021**	**Amortization relief**	**Interest relief**	**Owner contribution**
1	0	0	0	0	0
2	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Loans with reliefs given before 2022 are either repaid or individually assessed to be moderate or low risk.

Loans where no loss provision has been recognized due to collateral:
31.12.2023: 0
31.12.2022: 0

Remaining exposure from credit impaired loans and loss exposed loans:

31.12.2023	**Gross Loans**	**First-Priority pledge in vessel**	**Cash Pledge**	**Other Collateral**
Remaining exposure from credit impaired loans	**0**	**0**	**0**	**0**
Loss exposed loans	**0**	**0**	**0**	**0**

31.12.2022	**Gross Loans**	**First-Priority pledge in vessel**	**Cash Pledge**	**Other Collateral**
Remaining exposure from credit impaired loans	**0**	**0**	**0**	**0**
Loss exposed loans	**0**	**0**	**0**	**0**

Loss allowance sensitivity
The macro scenarios impact on Probabilities of Default (PDs) result in the following sensitivity in Expected Loss Allowance calculation.

Scenario	**Expected Loss allowance**
Vessel value up 30%	953 000
Unchanged	1 002 000
Vessel value down 30%	2 272 000

Loss allowance per credit score

Risk Class	**2023**	**2022**
Very low risk		
Low risk	331 332	373 118
Moderate risk	1 403 195	1 540 901
High risk		
Loss exposed		
Sum	**1 734 527**	**1 914 019**

31.12.2023

	Step 1	Step 2	Step 3	
	Classification by first time recognition	**Significantly increase in credit risk since first time recognition**	**Significantly increase in credit risk since first recognition and objective proof of loss**	
	Expected loss next 12 months	**Expected loss over the life of instrument**	**Expected loss over the life of instrument**	**Sum**
Loss allowance as of 31.12.2022	1 345 649	568 370	-	1 914 019
Lending to customers 31.12.2022	317 388 832	54 923 981	-	372 312 813
				-
Changes				-
Transfer to Step 1	-	-	-	-
Transfer to Step 2	-	-	-	-
Transfer to Step 3	-	-	-	-
Reclassification	- 60 504	-	-	- 60 504
Amortization	- 400 568	-		- 400 568
New commitments	539 765			539 765
Effect of Scenario Adjustment	- 126 065	- 132 120		- 258 185
Allowance as of 31.12.2023	**1 298 277**	**436 250**	**-**	**1 734 527**
Lending to customers 31.12.2022	302 802 074	*40 108 618*	-	*342 910 692*
Loans not disbursed	0			
Allowanse: Loans not dispursed	-			-
Net Change in Loss allowance	**-47 372**	**-132 120**	**0**	**- 179 492**

(1) Amortisations and changes in individual assessments

Step 2 Expected loss is due to assumed migration in the macro scenario analysis. No commitments are identified in step 2.

31.12.2022

	Step 1	Step 2	Step 3	
	Classification by first time recognition	Significantly increase in credit risk since first time recognition	Significantly increase in credit risk since first recognition and objective proof of loss	
	Expected loss next 12 months	Expected loss over the life of instrument	Expected loss over the life of instrument	Sum
Loss allowance as of 31.12.2021	618 860	826 436	-	1 445 296
Lending to customers 31.12.2021	299 883 739	15 635 268	-	315 519 007
				-
Changes				-
Transfer to Step 1	74 186	- 74 186	-	-
Transfer to Step 2	-	-	-	-
Transfer to Step 3	-	-	-	-
Reclassification	- 93 235	-	-	- 93 235
Amortization	- 443 178	-		- 443 178
New commitments	717 554			717 554
Effect of Scenario Adjustment	471 462	- 183 880		287 582
Allowance as of 31.12.2022	**1 345 649**	**568 370**	**-**	**1 914 019**
Lending to customers 31.12.2022	317 388 832	*54 923 981*	-	*372 312 813*
Loans not disbursed	0			
Allowanse: Loans not dispursed	-			-
Net Change in Loss allowance	**726 789**	**-258 066**	**0**	**468 723**

(1) Amortisations and changes in individual assessments

Step 2 Expected loss is due to assumed migration in the macro scenario analysis. No commitments were identified in step 2.

Credit risk: Total

End of year 2023

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 545 566					6 545 566
Deposits with credit institution	59 414 387					59 414 387
Certificates and bonds	135 607 626					135 607 626
Shares and other securities			242 726			242 726
Loans to customers		118 078 406	224 832 286	0	0	342 910 692
Total	**201 567 579**	**118 078 406**	**225 075 012**	**0**	**0**	**544 720 997**

Committed loans, not disbursed			30 700 000			

End of year 2022

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 554 349					6 554 349
Deposits with credit institution	63 206 540					63 206 540
Certificates and bonds	131 190 110					131 190 110
Shares and other securities			191 844			191 844
Loans to customers		131 761 277	240 551 536	0	0	372 312 813
Total	**200 950 999**	**131 761 277**	**240 743 380**	**0**	**0**	**573 455 657**

Committed loans, not disbursed			13 800 000			

Lending to customers by segment

	2023		2022	
Sector	**USD**	**Share %**	**USD**	**Share %**
Bulk	192 715 809	56 %	179 082 463	48 %
Container	14 059 338	4 %	34 997 404	9 %
Tank	100 815 743	29 %	144 085 059	39 %
Gas	8 572 767	3 %	14 147 887	4 %
Specialized	-	0 %	-	0 %
Offshore/Supply	26 747 034	8 %	-	0 %
Sum	**342 910 692**	**100 %**	**372 312 813**	**100 %**

Lending to customers by geographical location

	31.12.2023		31.12.2022	
	USD	Share	USD	Share
Norway	162 704 576	47 %	155 472 862	42 %
Europe (ex Norway)	38 316 244	11 %	93 331 865	25 %
Asia	10 501 140	3 %	18 136 279	5 %
Oceania	45 263 551	13 %	43 239 435	12 %
North America	26 965 774	13 %	24 260 336	7 %
Central America	41 327 184	7 %	23 999 867	6 %
Liberia	17 832 222	5 %	13 872 170	4 %
Total	**342 910 692**	**100 %**	**372 312 813**	**100 %**

Collateral held and other credit enhancements

Lending to customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security. The Bank takes collateral in the form of a first priority charge over vessels, pledged cash deposits, assignment of earnings and insurances as well as other liens and guarantees.

The credit worthiness of the corporate customer is based on a combination of the customer's value adjusted equity and the customer's cash flow and cash balance. Due to the fact that shipping in general is regarded as a cyclical industry, all loan agreements have provisions related to maximum loan to value, and valuations are assessed on a semi-annual basis, or more often when needed, to establish compliance with the loan agreements.
Valuations of collateral are updated if and when a loan is put on watch list, and the loan is monitored closely.

The following table stratify credit exposures to shipping customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for shipping loans is based on the collateral value of the last appraisal (semi-annual), the Bank's estimation or observable transactions in the market.
For credit-impaired loans the value of collateral is based on the most recent appraisals.

LTV ratio and pledge in vessel

	2023		**2022**	
LTV Bracket	**Loan Amount**	**Pledge in vessel**	**Loan Amount**	**Pledge in vessel**
< 40%	102 602 517	102 602 517	126 407 258	126 407 258
40-50%	120 767 104	120 767 104	117 787 405	117 787 405
50-55%	40 538 908	40 538 908	95 162 651	95 162 651
55-60%	52 036 389	52 036 389	26 427 018	26 427 018
>60%	26 965 774	26 965 774	6 528 482	6 528 482
Sum	342 910 692		372 312 813	

Bonds and certificates: Risk Weight (USD)

Risk Weight	2023 Fair Value	2023 Amortised Cost	2022 Fair Value	2022 Amortised Cost
0 %	13 153 323		13 660 675	
10 %	122 454 303		117 529 435	
20 %	0		0	
100 %	0		0	
Total	**135 607 626**		**131 190 110**	

Bonds and certificates: Rating (USD)

Rating	2023 Fair Value	2022 Fair Value
AAA	130 556 680	125 949 320
AA+	5 050 946	5 240 790
AA	0	0
A	0	0
Total	**135 607 626**	**131 190 110**

Bonds and certificates: Sector (USD)

Sector	2023 Fair Value	2022 Fair Value
Supranational	2 041 996	2 129 494
Local authority	11 111 327	11 531 180
Credit Institutions	122 454 303	117 529 435
Bank	-	-
Total	**135 607 626**	**131 190 110**

3.3.2 Calculation basis for companies

Net Lending to customers	USD	Deposits pledged accounts	Committed loans	Calculation basis
Companies	341 176 165	- 11 850 000	29 425 000	358 751 665

3.3.3 Credit management and control

The following management and control have been established for the area to manage and reduce the risk:

- The Bank's Credit Policy
- The Bank's scoring model
- Routines and instructions for the area
- The Bank's credit monitoring systems

3.3.4 Concentration risk stress test

Scenario calculations have been prepared to estimate the effect of the capital calculation in for a serious economic setback and downturn. As far as the credit aspect is concerned, stress tests are carried out for loss percentage.

These calculations show that reduced results due to increased losses will affect the Bank's capacity to grow in relation to building up the Bank's equity. The Bank's funding costs are also expected to increase as a result of such high losses.

3.4 ESG

The Bank focuses on responsible lending to our shipping customers, to be a secure bank for our deposit customers, safeguarding customer privacy and preventing financial crime while caring for our employees.

Ship financing and the life cycle of a vessel includes a variety of ESG risks starting at construction, through trade during is life at ports and on oceans and in the end recycling at the end of the lifetime. In addition to this there are aspect in running a shipping company when it comes to for example social welfare for the crew, complying with health and safety regulation, anti-corruption and money laundering regulations. As a financial institution we have the ability to provide guidance and support by sharing our knowledge.

The Bank is working to further integrate ESG assessments into the risk and credit discussions and will continue to follow the developments within the ESG area closely. IMO has adopted new CO2 emission regulations applicable to existing ships when it comes to energy efficiency which will lead to an index addressing the technical efficiency, carbon intensity and energy efficient management plan. This index was effective from January 2023.

EU approved in July 2021 an extensive package of proposals intended to reduce the EU's total Green House Gas (GHG) emissions by 55% by 2030 in conjunction with EU's overall goal for full decarbonization by 2050. The package contains comprehensive regulations of both operational and fiscal character for the maritime industry which will gradually be imposed from 2023.

3.5 INTEREST RATE RISK

Maritime & Merchant Bank ASA has defined guidelines that set limits for the maximum interest rate risk. All exposure on the balance sheet and outside the balance sheet will be assessed, and any exposure exceeding the interest rate risk limits shall be mitigated by using hedging instruments. Routines have been established for on-going monitoring and reporting of the interest rate risk to the Board of Directors.

Reference rates

The Bank has assets, liabilities and derivatives linked to current money markets reference rates SOFR, NIBOR and EURIBOR. USD Libor were replaced with a new reference rate in June 2023 (SOFR). NIBOR and EURIBOR reference rates might be replaced with other reference rates going forward. Changes in reference rates can have an impact on interest income, interest expenses, fair value of derivatives and financial assets/liabilities.

The table below shows notional amounts per interest rate period (time bucket)

Notional in USD million	**Up to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 3 years**	**3 to 5 years**
Deposits with central bank	7				
Deposits with banks	59				
Certificates and bonds	136				
Loans to customers	343				
Derivatives	172				
Sum Assets	**716**				
Loans from credit institutions	0				
Deposits	397				
Derivatives	172				
Sum liabilities	**569**				
Net	147				

Table EU IRRBBA

a)	**Interest Rate Risk** Aggregated interest rate risk is calculated as change in net present value for all assets or instrument (with maturity longer than 3 months) exposed to interest rates when changing all relevant rates by one percent point (parallel shift in rate curves). The shareholder's return is Interest Rate Risk from the banking book with maturity less than 3 months plus margin from ordinary banking activities.
b)	**Policy for managing interest rate risk** Market risk is not a core business area for the Bank. The Bank shall not in an active way seek to take positions. Market risk should arise from funding, lending and liquidity management activities. Market risk above a certain threshold has to be reduced to low/moderate with application of appropriate hedging instruments.
c)	**Limits and monitoring** The risk is measured as change in Net Present Value (NPV) with 1%-point change in interest rates. The Bank has established risk limits for single currencies as well as an aggregate risk. Interest rate risk is measured and reported weekly
f)	**Hedging and accounting** Market risk above a certain threshold (limits) has to be reduced to low/moderate with application of appropriate hedging instruments. Hedging instruments are recognized as fair market value
i)	Scenario Parameters for Table EU IRRBBI 1) Parallel up: 1% point 2) Parallel down: 1% point down 3) Steeper curve: 3 months unchanged, 1 year rate 0.5% point up 5 year 1% point up 4) Flatter curve: 3 months unchanged, 1 year rate 0.5% point down 5 year 1% point down

	5) Short rates up: 1% point 6) Short rates down: 1% point
1) 2)	Interest rate notification for deposits without fixed duration Average limit for interest rate notification: 8 weeks Maximum limit for interest rate notification: 8 weeks

Table: EU IRRBB1

Scenarios		a	b	c	d
		Change in value of equity		Change in net interest income	
		This period (USD)	Last period (USD)	This period (USD)	Last period (USD)
1	Parallel up	828 286	804 942	1 104 381	1 073 256
2	Parallel down	-828 286	-804 942	-1 104 381	-1 073 256
3	Steeper curve	0	0		
4	Flatter curve	0	0		
5	Short rates up	828 286	804 942		
6	Short rates down	-828 286	-804 942		

3.6 CURRENCY RISK

All exposure on the balance sheet, outside the balance sheet and estimated income and expense items will be identified. Market exposure will be limited and within limits and authorisations granted by the Board. Routines have been established for on-going monitoring and reporting of the currency risk to the Board of Directors.

Funding in NOK is swapped to USD using cross currency basis swaps, with duration around 3 years. Using cross currency swaps match funding in NOK with lending in USD. Assets and liabilities are currency matched. The Bank has income in USD and most of the operating cost in NOK. Current strategy is to hedge between 0 and 12 months forward. The following table shows assets and liabilities in other currencies than USD.

Calculated tax will be affected by changes in USDNOK exchange rate.

Assets (2023)	**NOK**	**EUR**
Deposit with Central Bank	66 549 747	
Deposit with Banks	360 686 620	1 778 446
Bonds	1 378 743 069	
Loans	269 421 560	5 003 366
Not settled FX spot	55 823 000	
Derivatives	1 778 970 986	
Other Assets	3 344 226	
Total Assets	**3 913 539 208**	**6 781 812**

Liabilities	**NOK**	**EUR**
Loans from credit institutions		
Deposits	3 838 248 897	404 652
Derivatives		6 316 643
Tax	59 406 172	
Other Liabilities	12 840 564	
Total Liabilities	**3 910 495 633**	**6 721 295**
Net Currency	**3 043 576**	**60 517**

3.7 CVA RISK

CVA (Credit Value Adjustment) risk is defined as the risk of losses arising from changing CVA values in response to changes in counterparty credit spreads and market risk factors that drive prices of derivative transactions and SFTs (securities financing transactions). Banks that undertake derivative or securities financing transactions (SFTs) are subject to the risk of incurring mark-to-market losses because of the deterioration in the creditworthiness of their counterparties (banks). This potential source of loss due to changes in counterparty credit spreads and other market risk factors is known as CVA risk. It is complementary to the risk of a counterparty defaulting, which is known as counterparty credit risk (CCR).

Amounts in 1000	Nominal Value	Nominal Value	Nominal Value	Positive market values	Negative Market values
	USD	EUR	NOK	USD	USD
Interest Rate Derivatives					
Interest rate swap	0	0	0	0	0
Currency Derivatives					
Cross currency basis swap					
Buy/Sell USD against NOK	170 000		1 681 100	2 387	7 582
Buy/Sell EUR against NOK		6 200	64 201	0	538
Total Currency Derivatives	**170 000**	**6 200**	**1 745 301**	**2 387**	**8 121**

The Counterparty risk derivatives (CVA-risk) is USD 2 944 000 (cf. point 2.1)

3.8 LIQUIDITY RISK

Maritime & Merchant Bank ASA aims to maintain a low liquidity risk, which means high liquidity buffers and good deposit coverage.

The Bank's liquidity level is assessed by calculating the Liquidity Coverage Ratio (LCR) and the Net Stable Financing Ratio (NSFR). These ratios describe the short liquidity level and the level of stable funding.
The Bank calculates liquidity surplus, which appears as available funding less future liabilities within the defined time interval and required liquidity buffers.

Maritime & Merchant Bank ASA has adopted guidelines for management of the Bank’s liquidity position to ensure that the Bank maintains a solid liquidity.

End of 2023 (USD)

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Over 5 years	Total
Cash and claims on central banks	6 545 566					6 545 566
Loans and receivables from credit inst	59 414 387					59 414 387
Loans to and receivables from customers	9 685 000	9 945 000	46 695 000	276 585 692	0	342 910 692
Commercial papers and bonds		0	37 986 670	97 620 955	0	135 607 625
Shares, funds and other securities	-				242 726	242 726
Other Assets	257 359			2 135 658		2 393 017
Assets	**75 902 312**	**9 945 000**	**84 681 670**	**376 342 305**	**242 726**	**547 114 013**
Deposits from credit institutions		0				0
Deposits from and liabilities to customers	382 470 213	983 560	1 872 874	11 989 452		397 316 100
Debt from issuance of bonds						0
Subordinated loan capital						0
Other Liabilities	691 422			9 403 332		10 094 754
Liabilities	**382 470 213**	**983 560**	**1 872 874**	**21 392 784**	**0**	**407 410 854**
Financial derivatives (net settlement)	0	538 155	7 582 430	0		8 120 585
Total	**-306 567 902**	**9 499 595**	**90 391 225**	**354 949 521**	**242 726**	**131 582 575**

3.9 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed processes or systems, from human error, fraud, or external events including legal risk, compliance risk and reputational risk. This type of risk also encompasses administrative risk, i.e. that the day-to-day operations of the Bank do not function properly.

The Bank Measures operational risk through incident reporting on main operational areas. The management team handle incidents in the management meetings. This incident reporting is summarized and communicated to the Risk Committee.

The Bank reduces operational risk through prudent management and supervision by establishing efficient control procedures, a well-established set of routines, a compliance function, as well as insurance cover against attempts at defrauding the Bank.

4 RISK MANAGEMENT IN MARITIME & MERCHANT BANK

The Bank's organisation

The Bank is staffed by experienced personnel who, besides possessing expertise in all of the relevant banking areas (risk, compliance, credit work, routines, AML, guidelines for credit liquidity, operations, IT and security) also possess in-depth knowledge about the maritime industry and its cyclical nature.

4.1 CORPORATE GOVERNANCE

Corporate governance encompasses the values, goals and overarching principles that provide a basis for managing and supervising the Bank in order to protect the interests of our owners, depositors and other stakeholders. The Bank's corporate governance is intended to ensure prudent asset management and greater assurance that our publicly declared goals and strategies are attained and realised.

Our corporate governance mainly involves:

- The establishment of general short-term and long-term goals.
- A continuous strategy process aimed at achieving the Bank's short-term and long-term goals.
- Continuous and integrated management of the risks associated with the Bank's goal attainment.
- Regular reporting on the Bank's established goals.
- Following up approved corrective measures.

Section 13-5 of the Norwegian Financial Institutions Act defines the principle of proportionality, which clarifies that management and control arrangements, as well as guidelines and routines, must be proportionate to the risk associated with, and scope of, an institution's business. Furthermore, chapter X of the Regulation on capital requirements and national adjustment of CRR/CRD IV (CRR/CRD IV Regulation) says that undertakings must adjust their risk management and internal control according to the nature, scope and complexity of the undertaking's business. The principle of proportionality has been incorporated into Acts and Regulations in order to clarify that what is good and adequate risk management and internal control can vary. The principle allows for less comprehensive requirements for the process of risk management and internal control in small banks than in large banks.

4.1.1 Management principles

The Bank has the following hierarchy of governance documents:

- Governing Policies form the top level of the internal control system. These are adopted by the Board. Describes the relationship between the various governing bodies in the Bank and verify the Bank's control environment, culture, values, ethical basis and different governance processes.
- Function Policies specify the frameworks and principles that are to be observed in the various functions and processes. These apply to the entire bank and indicate what to do and what to approve where.
- Work processes and procedures. Describes more in detail how the principles stated in different policies are to be performed. These are process-oriented and provide a documentation of the processes through different activities and roles. These are important tools for implementing policies and help ensure compliance and follow-up of these.

- Key controls are the most significant control activities in terms of reducing risk to a level consistent with the Bank's risk tolerance in the various areas. The key controls are identified and are part of the various procedures and procedures. In addition, there will be a set of key controls at the bank level (management level).

4.1.2 Risk limits - risk appetite

The Bank's risk limits and goals are set out by the Board in various documents:

- Limits for the commercial targets in relation to returns, growth, financial strength, capital, etc.
- Limits and goals for liquidity with specified limits (targets) for various management parameters in the areas of LCR, NSFR and liquidity buffers.
- Limits and targets for credit with the distribution of loans to different industries (maximum exposure within different industries), quality of credit customers (PD – number of customers within the various risk classes, risk-weighted return, expected losses).

4.1.3 Governing policies

Documents that apply to the entire business and all underlying governing documents. Documents that describe the core values, culture and management system of the business. The key documents are: Core Values, Code of Conduct, and Management, Governance and Control Policy. The documents are approved by the Board. The documents describe the Bank's culture and the relationship between the Bank's departments, Board and Executive Management team.

The Bank has prepared the following management policies, which must be approved by the Board:

- Code of Conduct (Ethical Guidelines)
- Risk Policy
- ESG Guidelines
- Guidelines for Fit and Proper Assessment
- GDPR Policy
- Risk Limits Policy
- Operational Risk Policy
- Market Risk Policy
- Information Security Policy
- Remuneration Policy
- Policy and Procedures on Anti-Money Laundering (“AML”) and Combatting the Financing of Terrorism (“CFT”)
- Recovery Plan

4.1.4 Function policies

The Bank has prepared the following function policies:

- Credit
- ICT Disaster plan
- ICT Risk and Vulnerability Analysis
- Liquidity, including ILAAP (contingency cf. Recovery Plan)

These documents must also be approved by the Board.

4.1.5 Work processes and procedures

Process descriptions describe and document operation and responsibility in detail based on corporate structure, allocation of tasks and responsibilities, choice of products and services, and instructions and procedures.

These processes will be used together with the procedures as guidelines for the performance of the tasks. In the same way as for procedures, process descriptions will be subject to periodic internal control and revision.

4.1.6 Key controls

The need for key controls is identified via risk assessments for processes and on a sub-process level. High risks require measures or key controls whose implementation in practice must be documented and monitored. Key controls must be documented in control matrices and include risk, control activity, executer, frequency and documentation requirements upon implementation.

5 REMUNERATION

Cf. Financial Report 31.12.2023 Note 8

Declaration on remuneration

<u>Background</u>

The Financial Institutions Act and the Financial Institutions Regulations, section 15, regulate claims for remuneration. The regulations respect the EU capital requirement directive's (CRD IV) provisions for good remuneration schemes to reduce excessive risk taking and promote sound and efficient risk management in financial institutions. The bank's practice of the remuneration scheme is described in the annual report regarding the remuneration scheme being reviewed by the remuneration committee and by the board of directors on February 13th, 2024. Regulatory requirements are covered and accounted for in a satisfactory manner.

<u>Setting up and carrying out the scheme</u>

- The Policy for Remuneration were approved by the Board of Directors November 15th, 2023 and is due for review from the Board of Directors in February 2024.
- The bank has reviewed the practice and results from the remuneration scheme, and prepared a report on the review for 2023, dated on 16 January 2024, signed by the CEO. The review shows that the remuneration scheme for 2023 complies with relevant regulations.
- The scheme will be evaluated and reviewed by the Board of Directors February 13th, 2024.
- The bank has more than NOK 5 billion in total assets and has established a separate Remuneration Committee.

<u>The remuneration scheme</u>

- The remuneration scheme encompasses all employees.
- The scheme determines which groups of employees are considered executive employees, employees with work tasks of considerable significance to the bank's risk exposure, and employees with supervisory tasks.
- The bank will disclose information regarding the practice of remuneration in notes to the annual accounts for 2023 in the same way as last year (Note 8, 2022).
- The remuneration consists of a fixed salary and common fringe benefits such as pension and insurance arrangements, free mobile phone etc. and an option plan.

- All employees have been granted one and a half months salary as variable remuneration for 2023.

Remuneration to employees in executive positions

- None of the employees considered as executive employees etc. have received salary or other benefits except fixed salary and common fringe benefits.
- The Policy for Remuneration includes principles for awarding variable remuneration to employees in executive positions.
- Variable remuneration is limited to 50 % of the employee's fixed salary.
- The Bank's variable remuneration scheme is within the maximum allowable rate for remuneration.

Incentive Program - Option plan

Maritime & Merchant Bank ASA has established an incentive program in 2018 for certain employees of the Company. The program is implemented with the following main principles:

1. Employees are granted a number of options at the Board's discretion. The total number of options under the program is limited to 400 000 shares in the Company (as adjusted for certain capital amendments).
2. The strike price for options under the program shall be equal to the subscription price (USD 1.275) of the share capital approved on the general meeting in 2018.
3. The exercise period shall be no longer than 5 years.

The cost of the option program in this year's accounts is USD 24 724 (189 385).

ATTACHMENTS

Standard form for disclosure of Common Equity capital

(in Norwegian and - NOK Thousand)

	Ren kjernekapital: Instrumenter og opptjent kapital	(A) Beløp på datoen for offentlig-gjøring	(B) Referanser til artikler i forordningen (CRR)	(C) Beløp omfattet av overgangs-regler
1	Kapitalinstrumenter og tilhørende overkursfond	1 285 357	26 (1), 27, 28 og 29	
	herav: instrumenttype 1			
	herav: instrumenttype 2			
	herav: instrumenttype 3			
2	Opptjent egenkapital i form av tidligere års tilbakeholdte resultater		26 (1) (c)	
3	Akkumulerte andre inntekter og kostnader og andre fond o.l.		26 (1) (d) og (e)	
3a	Avsetning for generell bankrisiko		26 (1) (f)	
4	Rene kjernekapitalinstrumenter omfattet av overgangsbestemmelser			
	Statlige innskudd av ren kjernekapital omfattet av overgangsbestemmelser			
5	Minoritetsinteresser		84	
5a	Revidert delårsoverskudd fratrukket păregnelig skatt mv. og utbytte		26 (2)	
6	**Ren kjernekapital før regulatoriske justeringer**	1 285 357	**Sum rad 1 t.o.m. 5a**	
Ren kjernekapital: Regulatoriske justeringer				
7	Verdijusteringer som følge av kravene om forsvarlig verdsettelse (negativt beløp)	- 1 488	34 og 105	
8	Immaterielle eiendeler redusert med utsatt skatt (negativt beløp)	- 625	36 (1) (b) og 37	
9	Tomt felt i EØS			
10	Utsatt skattefordel som ikke skyldes midlertidige forskjeller redusert med utsatt skatt som kan motregnes (negativt beløp)		36 (1) (c) og 38	
11	Verdiendringer på sikringsinstrumenter ved kontantstrømsikring		33 (1) (a)	
12	Positive verdier av justert forventet tap etter kapitalkravsforskriften § 15-7 (tas inn som negativt beløp)		36 (1) (d), 40 og 159	
13	Økning i egenkapitalen knyttet til fremtidig inntekt grunnet verdipapiriserte eiendeler (negativt beløp)		32 (1)	
14	Gevinster eller tap på gjeld målt til virkelig verdi som skyldes endringer i egen kredittverdighet		33 (1) (b) og (c)	
15	Overfinansiering av pensjonsforpliktelser (negativt beløp)		36 (1) (e) og 41	
16	Direkte, indirekte og syntetiske beholdninger av egne rene kjernekapitalinstrumenter (negativt beløp)		36 (1) (f) og 42	
17	Beholdning av ren kjernekapital i annet selskap i finansiell sektor som har en gjensidig investering av ansvarlig kapital (negativt beløp)		36 (1) (g) og 44	
18	Direkte, indirekte og syntetiske beholdninger av ren kjernekapital i andre selskaper i finansiell sektor der		36 (1) (h), 43, 45, 46, 49 (2),	

Ren kjernekapital: Instrumenter og opptjent kapital		(A) Beløp på datoen for offentlig-gjøring	(B) Referanser til artikler i forordningen (CRR)	(C) Beløp omfattet av overgangs-regler
	institusjonen ikke har en vesentlig investering. Beløp som overstiger grensen på 10 %, regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)		79, 469 (1) (a), 472 (10) og 478 (1)	
19	Direkte, indirekte og syntetiske beholdninger av ren kjernekapital i andre selskaper i finansiell sektor der institusjonen har vesentlige investeringer som samlet overstiger grensen på 10 %. Beløp regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) til (3) og 79	
20	Tomt felt i EØS			
20a	Poster som alternativt kan få 1250 % risikovekt (negativt beløp),		36 (1) (k)	
20b	herav: kvalifiserte eiendeler i selskap utenfor finansiell sektor (negativt beløp)		36 (1) (k) (i) og 89 til 91	
20c	herav: verdipapiriseringsposisjoner (negativt beløp)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b) og 258	
20d	herav: motpartsrisiko for transaksjoner som ikke er avsluttet (negativt beløp)		36 (1) (k) (iii) og 379 (3)	
21	Utsatt skattefordel som skyldes midlertidige forskjeller og som overstiger unntaksgrensen på 10 %, redusert med utsatt skatt som kan motregnes (negativt beløp)		36 (1) (c), 38 og 48 (1) (a)	
22	Beløp som overstiger unntaksgrensen på 17,65 % (negativt beløp)		48 (1)	
23	herav: direkte, indirekte og syntetiske beholdninger av ren kjernekapital i andre selskaper i finansiell sektor der institusjonen har en vesentlig investering (negativt beløp)		36 (1) (i) og 48 (1) (b)	
24	Tomt felt i EØS			
25	herav: utsatt skattefordel som skyldes midlertidige forskjeller (negativt beløp)		36 (1) (c), 38 og 48 (1) (a)	
25a	Akkumulert underskudd i inneværende regnskapsår (negativt beløp)		36 (1) (a)	
25b	Påregnelig skatt relatert til rene kjernekapitalposter (negativt beløp)		36 (1) (l)	
26	Justeringer i ren kjernekapital som følge av overgangsbestemmelser		Sum 26a og 26b	
26a	Overgangsbestemmelser for regulatoriske filtre relaterte til urealiserte gevinster og tap			
	herav: filter for urealisert tap 1			
	herav: filter for urealisert tap 2			
	herav: filter for urealisert gevinst 1 (negativt beløp)		468	
	herav: filter for urealisert gevinst 2 (negativt beløp)		468	
26b	Beløp som skal trekkes fra eller legges til ren kjernekapital som følge av overgangsbestemmelser for andre filtre og fradrag			
	herav: …			

	Ren kjernekapital: Instrumenter og opptjent kapital	(A) Beløp på datoen for offentlig-gjøring	(B) Referanser til artikler i forordningen (CRR)	(C) Beløp omfattet av overgangs-regler
27	Overskytende fradrag i annen godkjent kjernekapital (negativt beløp)		36 (1) (j)	
28	**Sum regulatoriske justeringer i ren kjernekapital**	2 113	**Sum rad 7 t.o.m. 20a, 21, 22, 25a, 25b, 26 og 27**	
29	**Ren kjernekapital**	1 283 244	**Rad 6 pluss rad 28 hvis beløpet i rad 28 er negativt, ellers minus**	
Annen godkjent kjernekapital: Instrumenter				
30	Kapitalinstrumenter og tilhørende overkursfond		51 og 52	
31	herav: klassifisert som egenkapital etter gjeldende regnskapsstandard			
32	herav: klassifisert som gjeld etter gjeldende regnskapsstandard			
33	Fondsobligasjonskapital omfattet av overgangsbestemmelser		486 (3) og (5)	
	Statlige innskudd av fondsobligasjonskapital omfattet av overgangsbestemmelser			
34	Fondsobligasjonskapital utstedt av datterselskaper til tredjeparter som kan medregnes i annen godkjent kjernekapital		85 og 86	
35	herav: instrumenter omfattet av overgangsbestemmelser			
36	**Annen godkjent kjernekapital før regulatoriske justeringer**		**Sum rad 30, 33 og 34**	
Annen godkjent kjernekapital: Regulatoriske justeringer				
37	Direkte, indirekte og syntetiske beholdninger av egen fondsobligasjonskapital (negativt beløp)		52 (1) (b), 56 (a) og 57	
38	Beholdning av annen godkjent kjernekapital i annet selskap i finansiell sektor som har en gjensidig investering av ansvarlig kapital (negativt beløp)		56 (b) og 58	
39	Direkte, indirekte og syntetiske beholdninger av fondsobligasjonskapital i andre selskaper i finansiell sektor der institusjonen ikke har en vesentlig investering. Beløp som overstiger grensen på 10 %, regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)		56 (c), 59, 60 og 79	
40	Direkte, indirekte og syntetiske beholdninger av fondsobligasjonskapital i andre selskaper i finansiell sektor der institusjonen har en vesentlig investering. Beløp regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)		56 (d), 59 og 79	
41	Justeringer i annen godkjent kjernekapital som følge av overgangsbestemmelser		Sum rad41a, 41b og 41c	
41a	Fradrag som skal gjøres i annen godkjent kjernekapital, i stedet for ren kjernekapital, som følge av overgangsbestemmelser (negativt beløp)		469 (1) (b) og 472 (10) (a)	
	herav: spesifiser de enkelte postene linje for linje			

Ren kjernekapital: Instrumenter og opptjent kapital		(A) Beløp på datoen for offentlig-gjøring	(B) Referanser til artikler i forordningen (CRR)	(C) Beløp omfattet av overgangs-regler
41b	Fradrag som skal gjøres i annen godkjent kjernekapital, i stedet for tilleggskapital, som følge av overgangsbestemmelser (negativt beløp)			
	herav: spesifiser de enkelte postene linje for linje			
41c	Beløp som skal trekkes fra eller legges til annen godkjent kjernekapital som følge av overgangsbestemmelser for andre filtre og fradrag			
	herav: filter for urealisert tap			
	herav: filter for urealisert gevinst (negativt beløp)			
	herav: …			
42	Overskytende fradrag i tilleggskapital (negativt beløp)		56 (e)	
43	**Sum regulatoriske justeringer i annen godkjent kjernekapital**		**Sum rad 37 t.o.m. 41 og rad 42**	
44	**Annen godkjent kjernekapital**		**Rad 36 pluss rad 43. Gir fradrag fordi beløpet i rad 43 er negativt**	
45	**Kjernekapital**	1 283 244	**Sum rad 29 og rad 44**	
	Tilleggskapital: instrumenter og avsetninger			
46	Kapitalinstrumenter og tilhørende overkursfond		62 og 63	
47	Tilleggskapital omfattet av overgangsbestemmelser		486 (4) og (5)	
	Statlige innskudd av tilleggskapital omfattet av overgangsbestemmelser			
48	Ansvarlig lånekapital utstedt av datterselskaper til tredjeparter som kan medregnes i tilleggskapitalen		87 og 88	
49	herav: instrumenter omfattet av overgangsbestemmelser			
50	Tallverdien av negative verdier av justert forventet tap		62 (c) og (d)	
51	**Tilleggskapital før regulatoriske justeringer**		**Sum rad 46 t.o.m. 48 og rad 50**	
Tilleggskapital: Regulatoriske justeringer				
52	Direkte, indirekte og syntetiske beholdninger av egen ansvarlig lånekapital (negativt beløp)		63 (b) (i), 66 (a) og 67	
53	Beholdning av tilleggskapital i annet selskap i finansiell sektor som har en gjensidig investering av ansvarlig kapital (negativt beløp)		66 (b) og 68	
54	Direkte, indirekte og syntetiske beholdninger av ansvarlig lånekapital i andre selskaper i finansiell sektor der institusjonen ikke har en vesentlig investering. Beløp som overstiger grensen på 10 %, regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)		66 (c), 69, 70 og 79	
54a	herav: nye beholdninger som ikke omfattes av overgangsbestemmelser			

	Ren kjernekapital: Instrumenter og opptjent kapital	(A) Beløp på datoen for offentlig-gjøring	(B) Referanser til artikler i forordningen (CRR)	(C) Beløp omfattet av overgangs-regler
54b	herav: beholdninger fra før 1. januar 2013 omfattet av overgangsbestemmelser			
55	Direkte, indirekte og syntetiske beholdninger av ansvarlig lånekapital i andre selskaper i finansiell sektor der institusjonen har en vesentlig investering. Beløp regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)		66 (d), 69 og 79	
56	Justeringer i tilleggskapital som følge av overgangsbestemmelser (negativt beløp)		Sum rad 56a, 56b og 56c	
56a	Fradrag som skal gjøres i tilleggskapital, i stedet for ren kjernekapital, som følge av overgangsbestemmelser (negativt beløp)		469 (1) (b) og 472 (10) (a)	
	herav: spesifiser de enkelte postene linje for linje			
56b	Fradrag som skal gjøres i tilleggskapital, i stedet for annen godkjent kjernekapital, som følge av overgangsbestemmelser (negativt beløp)			
	herav: spesifiser de enkelte postene linje for linje			
56c	Beløp som skal trekkes fra eller legges til tilleggskapitalen som følge av overgangsbestemmelser for filtre og andre fradrag		468	
	herav: filter for urealisert tap			
	herav: filter for urealisert gevinst		468	
	herav:…			
57	**Sum regulatoriske justeringer i tilleggskapital**		**Sum rad 52 t.o.m. 54, rad 55 og 56**	
58	**Tilleggskapital**		**Rad 51 pluss rad 57 hvis beløpet i rad 57 er negativt, ellers minus**	
59	**Ansvarlig kapital**	1 283 244	**Sum rad 45 og rad 58**	
59a	Økning i beregningsgrunnlaget som følge av overgangsbestemmelser		472 (10) (b)	
	herav: beløp som ikke er trukket fra ren kjernekapital		469 (1) (b)	
	herav: beløp som ikke er trukket fra annen godkjent kjernekapital			
	herav: beløp som ikke er trukket fra tilleggskapital			
60	**Beregningsgrunnlag**	3 775 371		
Kapitaldekning og buffere				
61	**Ren kjernekapitaldekning – se tabell**	34,0 %	92 (2) (a)	
62	**Kjernekapitaldekning**	34,0 %	92 (2) (b)	
63	**Kapitaldekning**	34,0 %	92 (2) (c)	
64	**Kombinert bufferkrav som prosent av beregningsgrunnlaget (4,5 % + 2,5 % + 2,1 % + 2,3 %)**	11,4 %	CRD 128, 129, 130, 131 og 133	

Ren kjernekapital: Instrumenter og opptjent kapital		(A) Beløp på datoen for offentlig-gjøring	(B) Referanser til artikler i forordningen (CRR)	(C) Beløp omfattet av overgangs-regler
65	**herav: bevaringsbuffer**	2,5 %		
66	**herav: motsyklisk buffer (bankens individuelle)**	2,1 %		
67	**herav: systemrisikobuffer (bankens individuelle)**	2,3 %		
67a	**herav: buffer for andre systemviktige institusjoner (O-SII-buffer)**		CRD 131	
68	**Ren kjernekapital tilgjengelig for oppfyllelse av bufferkrav (34,0 % - 4,5 %)**	29,5 %	CRD 128	
69	**Ikke relevant etter EØS-regler**			
70	**Ikke relevant etter EØS-regler**			
71	**Ikke relevant etter EØS-regler**			
Kapitaldekning og buffere				
72	Beholdninger av ansvarlig kapital i andre selskaper i finansiell sektor der institusjonen har en ikke vesentlig investering, som samlet er under grensen på 10 %. Beløp regnet etter fradrag som er tillatt for korte posisjoner.		36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 66 (c), 69 og 70	
73	Beholdninger av ren kjernekapital i andre selskaper i finansiell sektor der institusjonen har en vesentlig investering, som samlet er under grensen på 10 %. Beløp regnet etter fradrag som er tillatt for korte posisjoner.		36 (1) (i), 45 og 48	
74	Tomt felt i EØS			
75	Utsatt skattefordel som skyldes midlertidige forskjeller redusert med utsatt skatt som kan motregnes, som er under grensen på 10 %.		36 (1) (c), 38 og 48	
Grenser for medregning av avsetninger i tilleggskapitalen				
76	Generelle kredittrisikoreserver		62	
77	Grense for medregning av generelle kredittrisikoreserver i tilleggskapitalen		62	
78	Tallverdien av negative verdier av justert forventet tap		62	
79	Grense for medregning i tilleggskapitalen av overskytende regnskapsmessige nedskrivninger		62	
Kapitalinstrumenter omfattet av overgangsbestemmelser				
80	Grense for medregning av rene kjernekapitalinstrumenter omfattet av overgangsbestemmelser		484 (3) og 486 (2) og (5)	
81	Overskytende ren kjernekapital omfattet av overgangsbestemmelser		484 (3) og 486 (2) og (5)	
82	Grense for medregning av fondsobligasjonskapital omfattet av overgangsbestemmelser		484 (4) og 486 (3) og (5)	
83	Overskytende fondsobligasjonskapital omfattet av overgangsbestemmelser		484 (4) og 486 (3) og (5)	
84	Grense for medregning av ansvarlig lånekapital omfattet av overgangsbestemmelser		484 (5) og 486 (4) og (5)	
85	Overskytende ansvarlig lånekapital omfattet av overgangsbestemmelser		484 (5) og 486 (4) og (5)	

Template EU KM1 - Key metrics template

(in - NOK Thousand)

		31.12.2023
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	1 283 244
2	Tier 1 capital	1 283 244
3	Total capital	1 283 244
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amount	3 775 371
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	34,0 %
6	Tier 1 ratio (%)	34,0 %
7	Total capital ratio (%)	34,0 %
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)	
EU 7a	Additional CET1 SREP requirements (%)	3,4 %
EU 7b	Additional AT1 SREP requirements (%)	1,1 %
EU 7c	Additional T2 SREP requirements (%)	1,5 %
EU 7d	Total SREP own funds requirements (%)	6,0 %
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2,5 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-
9	Institution specific countercyclical capital buffer (%)	2,1 %
EU 9a	Systemic risk buffer (%)	2,3 %
10	Global Systemically Important Institution buffer (%)	-
EU 10a	Other Systemically Important Institution buffer	-
11	Combined buffer requirement (%)	6,9 %
EU 11a	Overall capital requirements (including Pillar 1: 8 %)	20,9 %
12	CET1 available after meeting the total SREP own funds requirements (%)	13,1 %
	Leverage ratio	
13	Leverage ratio total exposure measure	5 917 907
14	Leverage ratio	21,68 %
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)	
EU 14a	Additional CET1 leverage ratio requirements (%)	-
EU 14b	Additional AT1 leverage ratio requirements (%)	-
EU 14c	Additional T2 leverage ratio requirements (%)	3,0 %
EU 14d	Total SREP leverage ratio requirements (%)	-
EU 14e	Applicable leverage buffer	3,0 %
EU 14f	Overall leverage ratio requirements (%)	-
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1 358 046
16	Total net cash outflows (adjusted value)	181 129
17	Liquidity coverage ratio (%)	750 %
	Net Stable Funding Ratio	
18	Total available stable funding	5 020 701
19	Total required stable funding	3 307 776
20	NSFR ratio (%)	152 %