Pilar III

According to Basel III and

The Capital Requirements Regulation

2020

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 IX.

All numbers and calculations shown in the document are based on numbers per. 31.12.2020.

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 officiall 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 2018, 2019 and 2020). 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
- Strategic 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	102 354		102 354
- Deferred tax assets and intangible assets	-1 209		-1 209
- This years result	-		-
- Adjustments to CET1 due to prudential filters	-220		- 220
Common Equity Tier 1 (CET 1)	**110 633**		**110 633**
Credit Risks			
+ Bank of Norway	-	0%	7 747
+ Local and regional authorities	-	0%	20 708
+ Institutions	10 347	20%	51 736
+ Companies	246 245	100%	246 245
+ Covered bonds	19 148	10%	191 476
+ Shares	84	100%	84
+ Other assets	941	100%	941
Total Credit risks	**276 765**		
+ Operational risk	27 416		
+ Counterparty risk derivatives (CVA-risk)	2 437		
Total calculation basis	**306 618**		
Capital Adequacy			
Common Equity Tier 1 %	**36.08%**		
Total capital %	**36.08%**		

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 5% leverage ration3% + 2%).

The leverage ratio for Maritime & Merchant Bank was 20.26 % on 31.12.2020.

2.3 BUFFER REQUIREMENTS

The buffer requirements for Maritime & Merchant Bank are:

Buffer	Calculation basis	Requirements 31.12.2020	
		%	USD
Capital conservation buffer	306 618 065	2,50 %	7 665 452
System risk buffer	306 618 065	3,00 %	9 198 542
Countercyclical buffer (lending)	246 245 466	0,68 %	1 671 271
Countercyclical buffer (other)	60 372 599	1,00 %	603 726
Total buffer requirements			**19 138 991**

Total Buffer requirements (19 138 991) / Calculation basis (306 618 065) = 6.24%

Maritime & Merchant Bank's Countercyclical buffer (lending) is calculated like this:

Exposure to customers by geographical location *(1)*	USD	Country-specific buffer	Capital requirements	
			USD	%
Norway	120 251 333	1,00 %	1 202 513	
Germany	52 597 319	0,00 %	-	
United Kingdom	17 180 185	0,00 %	-	
Singapore	9 340 852	0,00 %	-	
Other countries	46 875 777	1,00 %	468 758	
Total	**246 245 466**		**1 671 271**	**0,68 %**

(1) Exposure = Lending to customers - Cash collateral

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 12/2016. 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. See Credit Policy for more details.

3.1 COVID 19

The serious implications resulting from the COVID-19 virus have dominated certain sectors of the global economy and the geopolitical situation since the first half of 2020.
The bulker and container segments were hit by a strong downturn in 2nd quarter 2020 while tankers in the same quarter benefitted from higher freight rates due to low oil prices. The general economic situation continues to be characterised by high unemployment and a reduction in industrial production in Europe. However, this does not seem to have had any effect on the development of freight rates recently, where a lag from the first half of 2020 has resulted in a strongly improved market for certain segments.

Following a decline of 3.5% in 2020, the global economy is expected to grow by 5.5% in 2021 and 4.2% in 2022. The growth forecast for 2021 has been adjusted upwards by 0.3%. This is reflected in the fact that a few of the major developed economies expect vaccination to strengthen economic activity. [1]

As part of its internal contingency plan, the Bank established remote working from and including 11 March 2020 to safeguard the health and safety of its employees. This was implemented in collaboration with the Bank’s IT managers and the core banking provider SDC, thus ensuring that the necessary communication equipment and lines were properly established. All necessary physical meetings have been replaced by video or telephone conferences. The overall experience with the operation of the Bank through a remote working solution has been satisfactory, and there have been no operational disruptions that have deviated significantly from ordinary office operations. All business travel has been cancelled from the date of implementation of remote working. With effect from 1 September 2021, the Bank intends to reintroduce normal office operations at the Bank, subject to the infection situation not becoming radically worse in the region and/or extraordinary guidelines being issued by the government indicating that remote working should continue - this is 12 months later than what we predicted in 2020.

During the period from March to early July 2020, the Bank was managed in accordance with the contingency plan, which required daily status meetings of the executive management team comprising the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer and Chief Compliance Officer. The main focus of the meetings was the liquidity, funding and currency and credit exposure of the Bank. Among other things, the decision was made to take out an F-loan with the central bank of Norway to secure the liquidity of the Bank. The last tranche of this loan was redeemed in the1st quarter of 2021.

The frequency of the Bank's executive management team's meetings was gradually reduced in line with financial volatility decreasing, and the Bank's management resumed its normal practice after the 2020 summer holidays.

In March 2020, the Board of Directors of the Bank resolved to tighten the Bank's lending criteria as a result of the volatile conditions in the world economy and the uncertainty about the consequences this would have for the shipping markets in general. At the Bank's Board meeting on 9 July 2020, it was resolved that the Bank would go back to the original lending criteria as the situation in the market had stabilised sufficiently in the opinion of the Bank.

The difficult period for the Bank's bulk and container shipping customers that lasted from March 2020 until autumn 2020 demonstrated that the Bank's conservative lending policy resulted in a robustness with only one loan defaulting in the 3rd quarter of 2020, resulting in a smaller loss in the order of 0.15 percent of the Bank's total lending. This was also the first loan loss the Bank has experienced since its establishment in December 2016.

The main focus of the Bank during the critical period was to secure the Bank's existing commitments. Some of our clients in dry bulk and container experienced a need for adapted instalment structures due to weak income and falling market values, which have been caused by the shutdown of parts of the world economy.

In some cases, the postponement of instalments in combination with the injection of new capital to the respective projects has been allowed. A total of 7 loans were restructured by instalments being deferred or moved to the final due date of the loan, combined with a significantly higher amount of new equity being injected from the owners. The Bank considers this work to be constructive and it has consistently been possible to arrive at good solutions to hedge the Bank's interests whilst also providing customers with the opportunity to get through a challenging period.

None of the restructured commitments were considered loss exposed.

Through the second half of 2020 and the 1st quarter of 2021, we have seen a significant rate increase for both bulk and container vessels with an associated increase in value of the vessels. The shipping rates for both bulk and container vessels were higher at the end of the 1st quarter of 2021 than we have seen since the Bank's inception. This has meant that several of the concessions made to customers in 2020 with respect to instalment postponements are now being corrected for.

3.1.1 COVID-19 - Credit

Sea freight fell by 3.6% in 2020, while seaborne trade fell by only 1.7%. The dry cargo segment is expected to grow by 3.7% in 2021 to 5.2 billion tonnes. Tanker freight is expected to grow by 4.3%, but still be below pre-COVID-19 levels. It is expected that global container trade will grow by 5.5% in TEU-miles for 2021[2].

The pessimistic mood in the dry bulk and container markets was replaced by cautious optimism during the summer of 2020. In the dry bulk sector, this has mainly been caused by the increase in iron ore transport and the expectations of scaled-up steel production, which provided earnings in capesize bulk carriers with a long-awaited boost that has also had a positive impact on the other dry bulk size segments. The gradual reopening of ports and terminals represented a positive factor for container trade, and the volume of shipped containers has increased steadily with shippers positioning themselves for a more positive development during the second half of 2020 and into the 1st quarter of 2021. This has resulted in an increasing number of vessels being put into the market, and in the last quarter there has been a seller's market for container vessels.

The sharp fall in cargo volume in 2020 has resulted in downward pressure on shipping rates, especially for dry bulk and container vessels, while tankers continued to operate with high rates throughout most of the 2nd quarter of 2020 and subsequently experienced a market decrease in the 3rd and 4th quarters of 2020.

The fall in tanker freight rates levelled out in the 1st quarter of 2021, and we have seen a cautious rise in rates towards the end of the 1st quarter of 2021 towards more normal levels, but far below what was experienced in the 2nd quarter of 2020. There is uncertainty relating to the forecasts going forward.

There has not yet been a need to restructure any commitments in the tanker segment.

The weak market rates combined with a negative economic forecast also resulted in a negative sentiment in the market for the sale and purchase of vessels in the first half of 2020 – partly due to uncertainty regarding the general economic development, but also due to the fact that the COVID-19 epidemic made it difficult to inspect vessels that were for sale This picture has changed completely in the 1st quarter of 2021 where both bulk and container vessels have been traded at extremely high prices and have been quickly captured by buyers after they are put up for sale.

Average purchase and sale prices have increased over the last 9 months for dry cargo and container vessels, whereas they have fallen for tankers. We have based this on Clarksons' indices per segment for 5-year-old second-hand vessels. Dry cargo vessels have had an increase in value of about 9%. Container vessels have had an increase in value of about 27%. Tankers have seen a decrease in value of about 13%.

The increased values for container and dry bulk vessels are due to the fact that those markets have experienced a significant increase in freight rates over the last 3 months.

For tankers, the market and earnings have been poor since autumn 2020, but we are now seeing signs of improvement in this market as well. [3] We have however experienced falling values also through the 1st quarter of 2021 without this being perceived as dramatic.

As a consequence of the COVID-19 crisis, several of the Bank's customers within the bulk and container segments have been affected by falling prices and earnings, which have had a negative impact on cash flows and consequently the ability to service loans. The Bank found good solutions for these customers, and both the shipping freight market and values of container- and bulk vessels are now back at the levels (or higher) we experienced before the start of the COVID-19 crisis.

As of the end of the1st quarter of 2021, the Bank had no defaulted loans and the number of commitments on the Watch List has been greatly reduced in the last half year.

[1] *International Monetary Fund – World Economic Outlook Update – January 2021*
[2] *Clarksons Shipping Intelligence Network - Shipping Review & Outlook: Summary by Stephen Gordon - March 21, 2021*
[3] *Clarksons Shipping Intelligence Network – Timeseries - Q1 2021*

3.1.2 COVID-19 - Liquidity

COVID-19 has caused uncertainty and volatility across all markets.

The uncertainties have resulted in:

- The Bank having had to increase collateral deposits in DNB due to a higher USDNOK.
- Bond prices falling.
- Increased uncertainty relating to depositors.

The Bank has initiated the following measures:

- Remote working solution.
- Daily management meetings with a focus on liquidity.
- Stopped lending until the markets calmed down.
- F-loans from the central bank of Norway (6 and 12-month durations) as an additional. security measure.
- Additional board meetings with a focus on liquidity, credit and operations.

Outcomes and experiences so far:

- The large liquidity portfolio of the Bank provided reassurance and reduced stress levels significantly.
- The deposit market worked well.
- The Bank did not experience any liquidity problems or stress.

3.2 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

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

Expected Loss (EL)
EL = PD * LGD * EAD

3.2.1 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 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.

<u>Macro scenarios</u>
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 1,2693 at year-end (31.12.2020).

Exposure in the scenario model is the same as at year-end (31.12.2020).

Loss Allowance and Impairments

Loss allowance	
Step1	659 824
Step2	779 360
Step3	0
Sum	1 439 184
Allowance/Loan Ratio	0.53 %
Impairments (Credit Loss)	386 435

Based on the soft freight markets for bulkers and container vessels in Q2 and Q3, a limited number of clients within those segments, were granted relief on their contractual debt obligations towards the bank – this was only related to scheduled instalment payments and not to interest payments. All clients who were granted relief on their instalment obligations, were in compliance with all financial covenants prior to waivers being granted, and all the loans concerned were adequately secured and well within the agreed minimum value clauses, both prior and post amendments. All waivers were done in combination with the ultimate owners of the borrowers providing new equity into the borrowing entities to strengthen their financial position.

Loans where no loss provision has been recognized due to collateral:
31.12.2020: 0

Remaining exposure from credit impaired loans and loss exposed loans:

31.12.2020	**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.

MARITIME & MERCHANT BANK

Scenario	Expected Loss allowance
Vessel value up 30%	910 000
Unchanged	1 126 000
Vessel value down 30%	2 612 000

Loss allowance per credit score

Risk Class	2020
Very low risk	-
Low risk	47 134
Moderate risk	931 147
High risk	450 334
Loss exposed	-
Sum	**1 428 614**

31.12.2020

	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 31.12.2019	822 991	-	-	822 991
Lending to customers 31.12.2019	295 124 509	-	-	295 124 509
				-
Changes				-
Transfer to Step 1	-	-	-	-
Transfer to Step 2	- 88 371	88 371	-	-
Transfer to Step 3	-	-	-	-
Reclassification	106 802	361 774	-	468 576
Amortization	- 131 137	- 7 806		- 138 943
New commitments	73 958			73 958
Effect of Scenario Adjustment	- 134 989	337 021		202 032
Allowance as of 31.12.2020	**649 254**	**779 360**	**-**	**1 428 614**
Lending to customers 31.12.2020	241 576 445	*28 417 958*	-	*269 994 403*
Loans not disbursed	4 300 000			
Allowanse: Loans not dispursed	10 570			
Net Change in Loss allowance	**-163 167**	**779 360**	**0**	**616 193**

Reclassification: Change in Expected Loss calculation

Credit risk: Total

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	7 746 507					7 746 507
Deposits with credit institution	49 294 414					49 294 414
Certificates and bonds	212 183 694					212 183 694
Shares and other securities			83 759			83 759
Loans to customers		20 343 949	228 996 402	20 654 052	0	269 994 403
Total	**269 224 615**	**20 343 949**	**229 080 161**	**20 654 052**	**0**	**539 302 778**
Committed loans, not disbursed			4 300 000			

Lending to customers by segment

	2020	
Sector	**USD**	**Share %**
Bulk	71 548 517	27 %
Container	76 678 410	28 %
Tank	111 507 688	41 %
Gas	5 399 888	2 %
Specialized	4 859 899	2 %
Offshore	-	0 %
Sum	**269 994 403**	**100 %**

Lending to customers by geographical location

	31.12.2020	
	USD	Share
Norway	131 848 872	49 %
Europe (ex Norway)	82 570 699	31 %
Asia	10 241 723	4 %
Oceania	34 375 383	13 %
Central America	7 419 043	3 %
Liberia	3 538 683	1 %
Total	**269 994 403**	**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 shows 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

	2020	
LTV Bracket	**Loan Amount**	**Pledge in vessel**
< 40%	46 467 473	46 467 473
40-50%	123 374 713	123 374 713
50-55%	52 215 717	52 215 717
55-60%	26 754 076	26 754 076
>60%	21 182 424	21 182 424
Sum	269 994 403	

Bonds and certificates: Risk Weight

	2020	
Risk Weight	Fair Value	Amortised Cost
0 %	20 707 570	
10 %	191 476 124	
20 %		
100 %		
Total	**212 183 694**	

Bonds and certificates: Rating

	2020
Rating	**Fair Value**
AAA	206 037 546
AA+	6 146 147
AA	0
A	0
Total	**212 183 694**

Bonds and certificates: Sector

Sector	2020 Fair Value
Supranational	7 528 807
Local authority	13 178 763
Credit Institutions	191 476 124
Bank	
Total	**212 183 694**

3.2.2 Calculation basis for companies

Net Lending to customers	USD	Deposits pledged accounts	Calculation basis
Companies	269 994 403	- 23 748 937	246 245 466

3.2.3 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

3.2.4 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.

3.3 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 (LIBOR, NIBOR and EURIBOR). These reference rates will be replaced with other reference rates, which could have an impact on interest income, interest expenses, fair value of derivatives and financial assets/liabilities.

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

Notional in USD million (2020)	Up to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years
Deposits with Central Bank	8				
Deposits with banks	49				
Certificates and bonds	212				
Loans to customers	270				
Derivatives	132				
Sum Assets	**672**				
Deposits	35				
Derivatives	385				
Sum Liabilities	132				
Net	**552**				

3.4 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.

Assets (2020)	**NOK**	**EUR**
Deposit with Central Bank	66 194 681	
Deposit with Banks	303 948 470	305 571
Bonds	1 770 308 730	
Loans	-	7 316 666
Derivatives	1 267 102 276	
Other Assets	2 325 816	
Total Assets	**3 409 879 973**	**7 622 238**

Liabilities	**NOK**	**EUR**
Loans from credit institutions	300 779 098	
Deposits	3 077 705 348	650 000
Derivatives		6 966 134
Tax	18 812 567	
Other Liabilities	6 262 192	
Total Liabilities	**3 403 559 206**	**7 616 134**
Net Currency	**6 320 767**	**6 104**

Estimated Monthly Operational Cost	4 725 000	NOK
Number of months with hedging	1,3	

3.5 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	141 500		1 195 983	2 839	4 457
Buy/Sell EUR against NOK		6 949	68 156	0	569
Total Currency Derivatives	141 500	6 949	1 264 139	2 839	5 026

The Counterparty risk derivatives (CVA-risk) is USD 2 437 115 (cf. point 2.1)

3.6 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 Funding 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.

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	7 746 507					7 746 507
Loans and receivables from credit institutions	49 294 414					49 294 414
Loans to and receivables from customers	1 785 000	9 021 175	49 611 858	209 576 370	0	269 994 403
Commercial papers and bonds		5 011 311	78 651 209	122 375 027	6 146 147	212 183 694
Shares, funds and other securities					83 759	83 759
Assets	**58 825 922**	**14 032 486**	**128 263 067**	**331 951 397**	**6 229 906**	**539 302 778**

Deposits from credit institutions		35 199 014				35 199 014
Deposits from and liabilities to customers	364 272 650	0	3 439 726	17 015 126		384 727 502
Debt from issuance of bonds						
Subordinated loan capital						
Liabilities	**364 272 650**	**35 199 014**	**3 439 726**	**17 015 126**	**0**	**419 926 516**
Financial derivatives (net settlement)	-1 159 542	-643 410	-2 914 939	2 530 835		-2 187 056
Total	**-306 606 270**	**-21 810 188**	**121 908 402**	**317 467 106**	**6 229 906**	**117 188 956**

The time buckets are contractual maturity. Assets and liabilities without any time restrictions are put in the “up to 1 month” time bucket.

3.7 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

<u>The Bank's organisation</u>
The Bank is staffed by experienced personnel who, besides possessing expertise in all of the relevant banking areas (risk, compliance, credit work, routines, 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
- 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”)

4.1.4 Function policies
The Bank has prepared the following function policies:
- Credit
- ICT Disaster plan
- ICT Risk and Vulnerability Analysis
- Liquidity, including contingency plan and ILAAP

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.

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	957 583	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 påregnelig skatt mv. og utbytte		26 (2)	
6	**Ren kjernekapital før regulatoriske justeringer**	957 583	**Sum rad 1 t.o.m. 5a**	
Ren kjernekapital: Regulatoriske justeringer				
7	Verdijusteringer som følge av kravene om forsvarlig verdsettelse (negativt beløp)	- 1 881	34 og 105	
8	Immaterielle eiendeler redusert med utsatt skatt (negativt beløp)	- 10 333	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	

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
18	Direkte, indirekte og syntetiske beholdninger av ren kjernekapital 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)		36 (1) (h), 43, 45, 46, 49 (2), 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	

MARITIME & MERCHANT BANK

	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
26b	Beløp som skal trekkes fra eller legges til ren kjernekapital som følge av overgangsbestemmelser for andre filtre og fradrag			
	herav: …			
27	Overskytende fradrag i annen godkjent kjernekapital (negativt beløp)		36 (1) (j)	
28	**Sum regulatoriske justeringer i ren kjernekapital**	12 214	**Sum rad 7 t.o.m. 20a, 21, 22, 25a, 25b, 26 og 27**	
29	**Ren kjernekapital**	945 370	**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		56 (d), 59 og 79	

	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
	vesentlig investering. Beløp regnet etter fradrag som er tillatt for korte posisjoner (negativt beløp)			
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			
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**	945 370	**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)	

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
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			
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**	

	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
			rad 57 er negativt, ellers minus	
59	**Ansvarlig kapital**	945 370	**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**	2 620 082		
Kapitaldekning og buffere				
61	**Ren kjernekapitaldekning – se tabell**	36,08 %	92 (2) (a)	
62	**Kjernekapitaldekning**	36,08 %	92 (2) (b)	
63	**Kapitaldekning**	36,08 %	92 (2) (c)	
64	**Kombinert bufferkrav som prosent av beregningsgrunnlaget (4,5 % + 0,65 % + 2 % + 3 %)**	10,15 %	CRD 128, 129, 130, 131 og 133	
65	**herav: bevaringsbuffer**	2,5 %		
66	**herav: motsyklisk buffer (bankens individuelle)**	0,65 %		
67	**herav: systemrisikobuffer**	3,0 %		
67a	**herav: buffer for andre systemviktige institusjoner (O-SII-buffer)**		CRD 131	
68	**Ren kjernekapital tilgjengelig for oppfyllelse av bufferkrav (36,08 % - 4,5 %)**	31,58 %	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	

MARITIME & MERCHANT BANK

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
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)	