Maritime & Merchant Bank ASA

Financial Report

31.03.2024

Table of Contents

Financial Report 31.03.2024

The profit for the period before tax is USD 4 521 598 (USD 4 906 213 - 31.03.2023). Return on equity before tax was 14.3% (16% in Q1-2023). The bank has not any non-performing loans and zero credit losses during the period.

The major global geo-political tensions, first and foremost caused by the Ukrainian-Russian war the Israel/Hamas/Hizbollah conflict and the Red Sea unrest caused by attacks for the Yemen based Houtis continue to have a propound effect on the shipping markets – and more or less entirely with a positive sign for the shipping markets.

The various disruptions causing longer sailing distances and congestion seem to have a long-lasting effect on the markets. There is always a certain risk associated with long horizons in shipping, however, it seems to be a common view that the various sanctions imposed towards Russia will continue to be in force even after the war has ended.

The tanker market, both the transport of heavy oil and petroleum products, is experiencing stable earnings over time at a historically high level, and with a corresponding increase in ship values, Clarksons SH Price Index suggest a price increase 3 months trend of 3%.

The dry cargo market has a somewhat more varied performance than tank, but on average the earnings in the trip charter market are approx. 20% so far this year above the same figure from 2023. The capesize segment has surprised positively and contributed to this development, among other things due to a marked increase in Chinese ore imports from Brazil (with a corresponding increase in export of steel products)

In the dry cargo segment, there has also been great interest in buying second-hand ships, so great in fact that the trend in 2024 is ahead of the record year 2022 when 60.9 million dwt were traded. Not surprisingly, the values of 5- and 10-year-old tonnage have reached record levels.

Much has been said and written about the container market in the post pandemic period. We dare say that the positive trend we saw during the 4th quarter of 2023, and which has continued into 2024 has come as a surprise to many. For example, a 6,800 TEU earned in 2023 an average of USD 33,000/day and the earnings so far in 2024 is USD 44,500/day. We admit that there are many uncertainties in the way forward, including a total order book for the segment of over 20% of the sailing fleet and the question how and when the older part of the fleet will be phased/forced out of the market, but the positive development so far has once again emphasized the unpredictability of seaborne transport.

The global economic growth rate (GDP) continues to move sideways with a growth rate in the region of 3.0/3.2% (OECD). China and the US are at 5.3 and 3% respectively in the first quarter of 2024, but the Eurozone continues to deliver disappointing figures around 0 %. Looking at the figures for industrial production, the picture is basically the same. Flat or event sliding numbers for the Eurozone and the western hemisphere, while China, Taiwan and South Korea are showing growth. Isolated these facts are not good news for the shipping markets but as pointed out above, the various disruptions caused by geo-political disturbances are leading to more ton-miles.

Profit for the period (01.01-31.03)
The profit for the period before tax is USD 4 521 599 (USD 4 906 213 - 31.03.2023) and profit after tax is USD 3 391 199 (*) (USD 3 679 592- 31.03.2023).

Net interest income and related income totalled USD 6 566 272 (USD 6 656 675), and other Income (including financial derivatives and fixed income instruments) was USD 356 379 (USD 214 254).

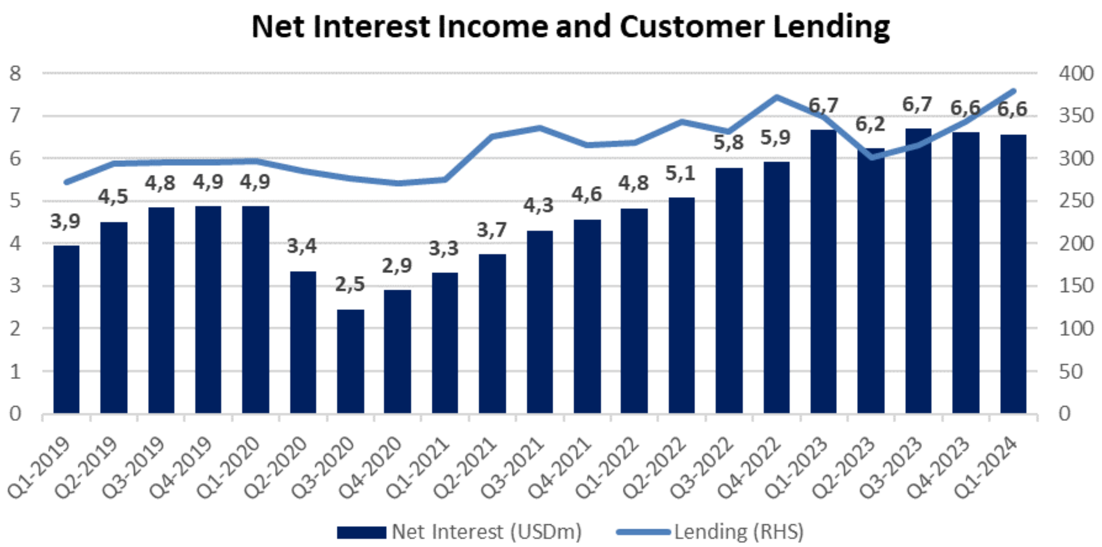
Operating expenses before impairments and losses totalled USD 2 238 239 (USD 2 126 551). The Cost/Income ratio came in at 32.3% (31%).

Loss allowance (Expected Loss) increased with USD 162 812 (decreased USD 161 835), due to increased lending. Credit Loss (Write Offs) was USD 0 (USD 0).

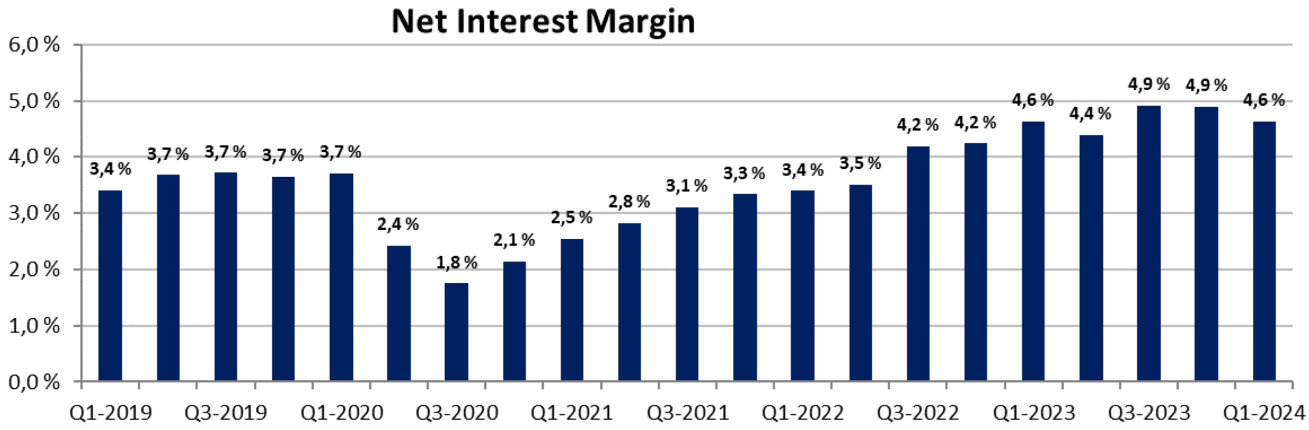
	2024 01.01 - 31.03	2023 01.01 - 31.03	2023 01.01- 31.12
Interest Income	12 578 504	11 231 841	45 318 489
Interest Expense	-6 012 232	-4 575 166	-19 139 633
Net Interest Income	**6 566 272**	**6 656 675**	**26 178 856**
Other Income	356 379	214 254	957 066
Total Income	**6 922 651**	**6 870 929**	**27 135 922**
Operating Expense	-2 238 239	-2 126 551	-8 743 298
Operating Result	**4 684 411**	**4 744 379**	**18 392 624**
Loss Allowance	-162 812	161 835	179 492
Write Off (Credit Loss)			
Sum Impairment	**-162 812**	**161 835**	**179 492**
Profit Before Tax	**4 521 599**	**4 906 213**	**18 572 116**
Tax*	-1 130 400	-1 226 621	-5 672 129
Profit After Tax*	**3 391 199**	**3 679 592**	**12 899 987**

**see deferred taxes and payable tax on page 8*

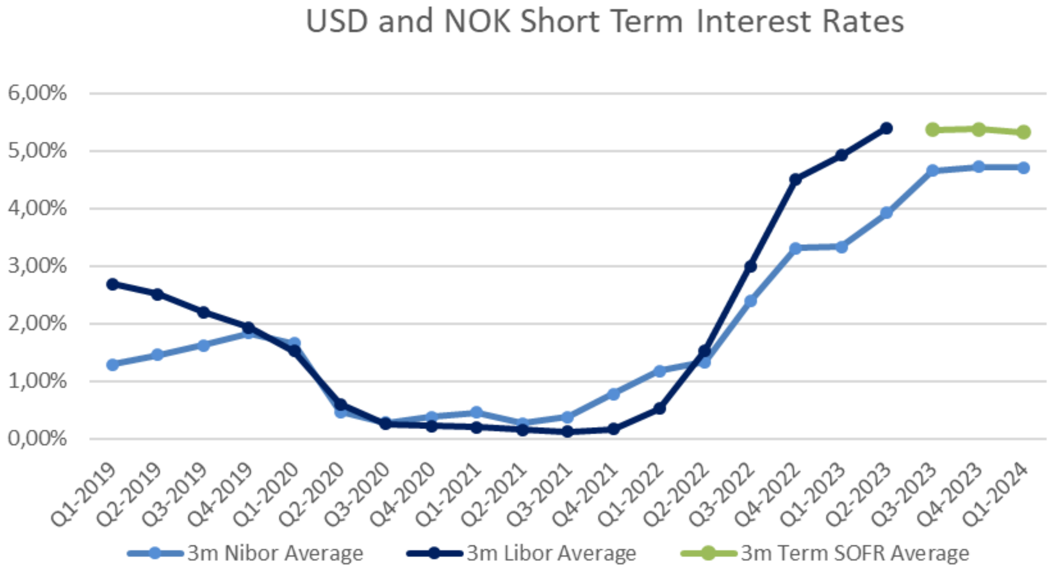
<u>Net interest income and related income</u>
Net interest income and related income totalled USD 6 566 272 in Q1 (USD 6 656 675 in Q1 2023).



Net interest margin is 4.6% (unchanged from in Q1-2023), down from 4.9% in Q4-2023, due to loan disbursements late in the quarter as well as downward pressure on loan margins.



Money market rates (daily average) in USD and NOK are stable



(Source: Infront, Maritime & Merchant Bank ASA)

Net other Income

Net other income amounted to USD 356 379 in Q1 2024 (USD 214 254 in Q1-2023).

¨æå

Value adjustments on derivatives and hedging instrument in Q1 was USD 153 657 (USD 89 297 in Q1-2023).

Net value adjustments on bonds was USD 109 193 (USD -17 333 in Q1-2023).

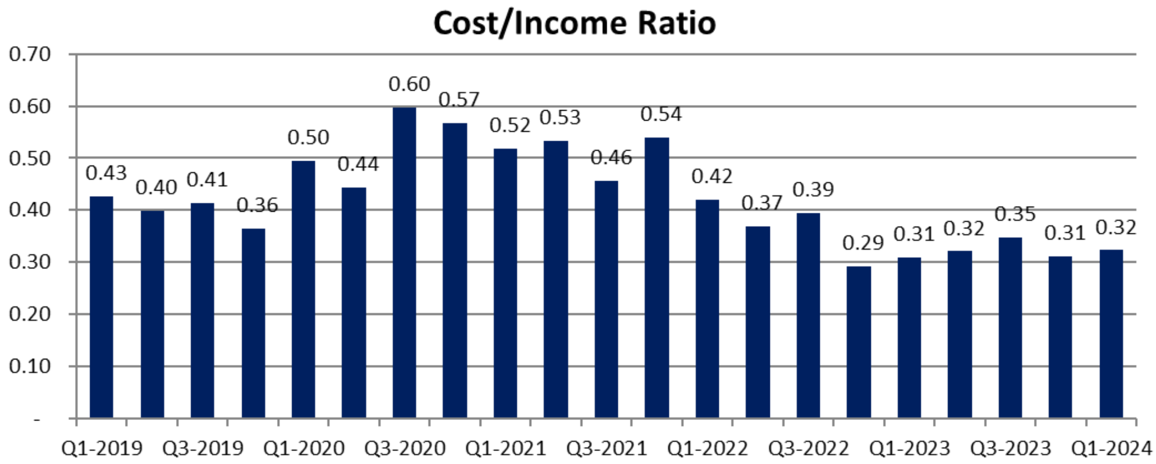
The principle of assessing financial instruments measured at fair value may lead to significant variation of the Bank’s result between quarters.

Net commissions amounted to USD 93 529 in Q1 (USD 142 293 in Q1-2023).

Total operating expenses before impairments and losses

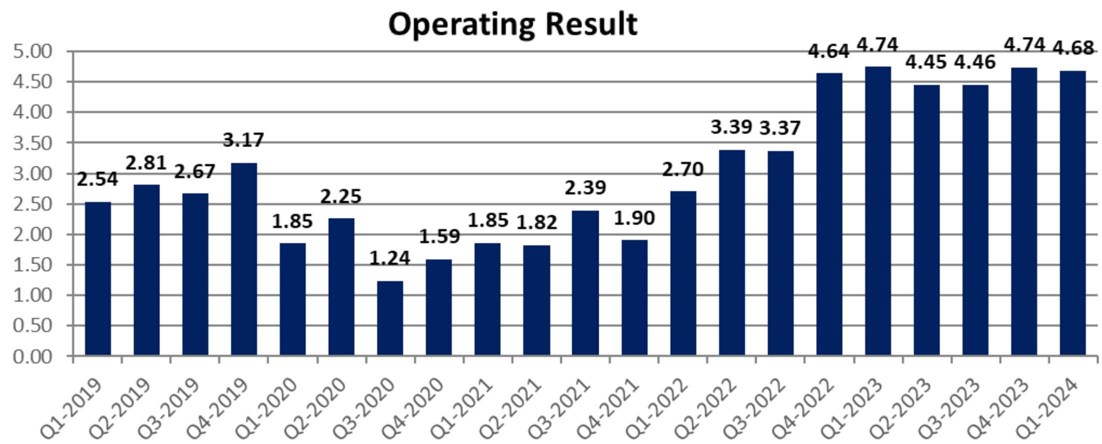
Operating expenses before impairments and losses totalled USD 2 238 239 in Q1 (USD 2 126 551 in Q1-2023). Salaries and personnel expenses, including social costs, amounted to USD 1 635 811 (USD 1 474 933 in Q1-2023) and account for the largest proportion of the overall operating expenses.

Total depreciation and impairment of fixed and intangible assets amounted to USD 81 764 (USD 110 681 in Q1-2023). The Cost/Income ratio came in at 32.3% in Q1 (31% in Q1-2023).



Operating result

Operating result in Q1 amounted to USD 4 684 411 (USD 4 744 379 in Q1-2023).



Loan and Loan Loss provisions

Maritime & Merchant Bank ASA has lent USD 378 747 464 (USD 349 251 735 in Q1 2023) to customers.

The Bank has made USD 1 897 341 (USD 1 752 184) in loss allowance (IFRS 9). Change in loss allowance this quarter amounts to USD 162 813 (USD -161 835).

The credit quality of the majority of the loans (measured by PD – Probability of Default) to the bulker and container segment is on satisfactory levels, as we have seen improvement in the bulker rates compared to last year. The credit quality (measured by PD) of the tanker portfolio has remained strong due to the rates. The credit quality of the offshore loans are also very satisfactory.

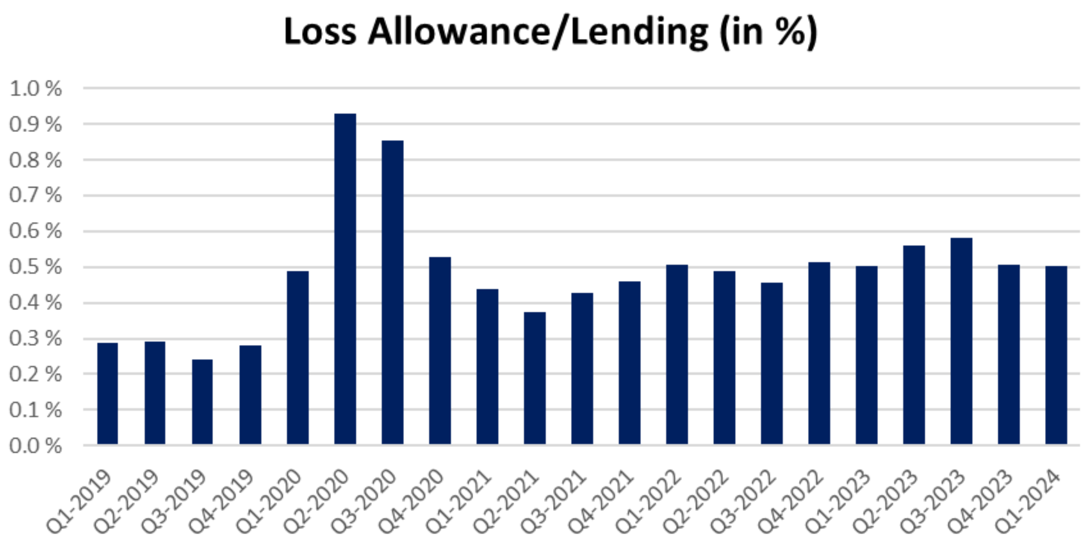
Higher Loss Allowances at the end of Q1 compared to those at the end of Q1 2023 is due to increased lending.

All commitments (100 %) are in step 1 (100% in Q3-2023).

The bank has no defaulted or non-performing loans by the end of the Q1.

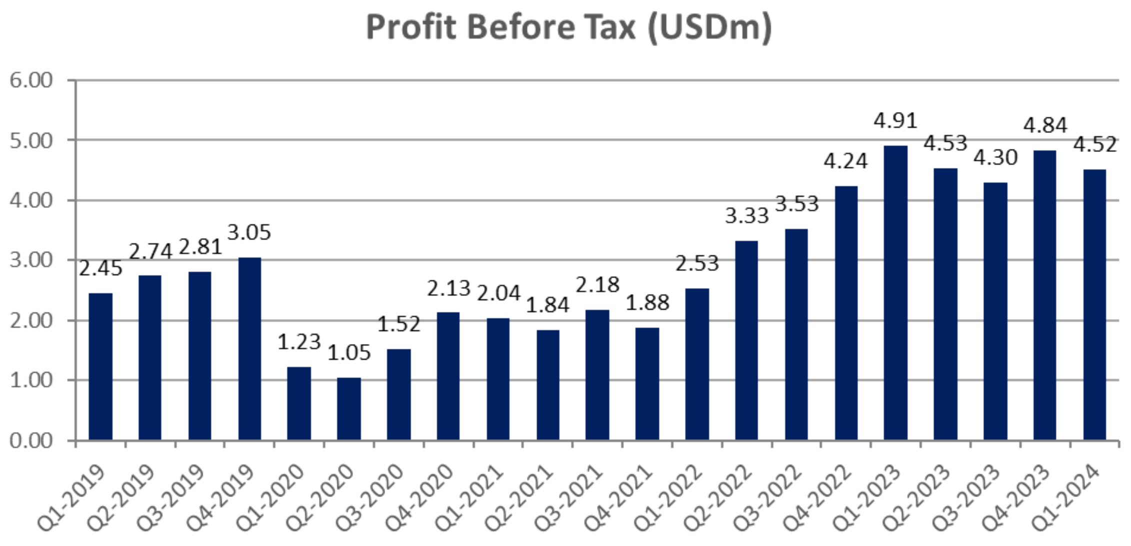
Loss allowance	**31.03.2024**	**31.03.2023**	**31.12.2023**	**31.12.2022**
Step1	1 421 328	1 205 351	1 298 277	1 345 649
Step2	476 013*	546 833*	436 250*	568 370*
Step3	0	0	0	0
Sum	1 897 341	1 752 184	1 734 527	1 914 019
Loss Allowance/Loan Ratio	0,50 %	0,50 %	0.51%	0.51%
Impairments	0	0		0
Non performing Loans	0	0	0	0

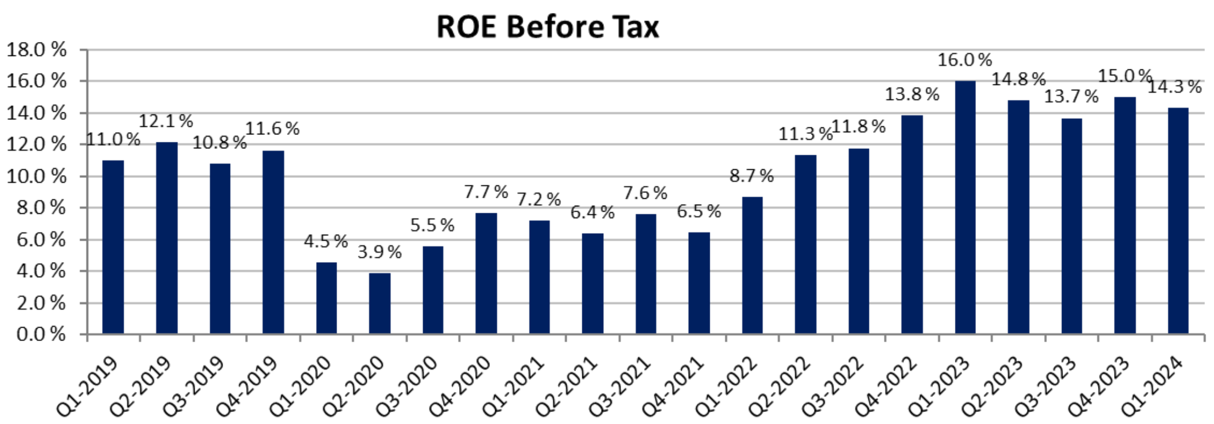
**Loss allowance in step 2 is a result of anticipated migration in the negative macro scenario*



Profit before tax

Profit before tax amounted to USD 4 521 598 Q1 (USD 4 906 213 in Q1-2023).
Return on equity before tax was 14.3% (16% in Q1-2023).





Deferred Taxes and payable tax

The Bank operates with USD as functional currency.

In the tax accounting, both P&L and the major part of assets and liabilities are being converted from USD to NOK, including any effect currency fluctuations would have on the equity of the Bank.

The volatility of the NOK against the USD has given the Bank an unintended volatility in the tax expense, due to currency gains/losses related to our equity.
The Bank has started a process for a rule adjustment for the basis of tax calculation that prevents unintended effects for the future.

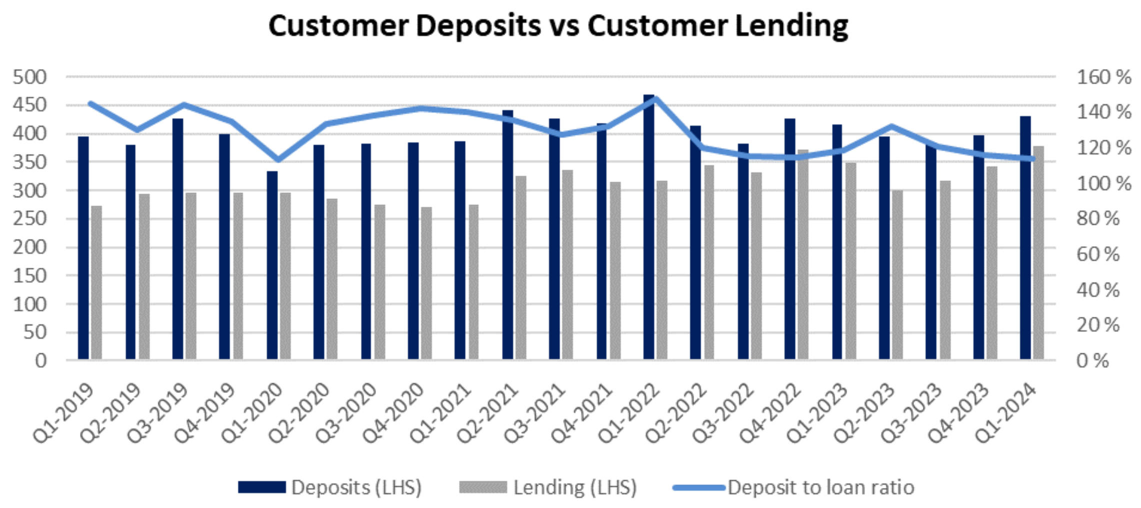
Common 25% corporate tax rate is used in the first quarter of 2024.
If there is no decision (or a negative one) from the Ministry of Finance within the fiscal year, we will incorporate a full agio effect in Q4 2024. The agio effect (extra taxable income/cost) will be a result of the USDNOK exchange rate at year end. USDNOK 31.12.2023 was 10.16715, and ended at 10.7939 as of 31.03.2024.

The agio effect (unintended taxable income/cost) for YTD 2024 is positive NOK 81 103 716. This "phantom" income will result in an increased tax of NOK 20 275 929 (USD 1 878 462).

See Note 5, Tax Calculation.

Deposit and Liquidity

Customer deposits amounted to USD 431 453 157 in Q1-2024 (USD 414 913 238 in Q1-2023).



The deposit to loan ratio was 114% at the end of Q1 2024 (119% in Q1 -2023).

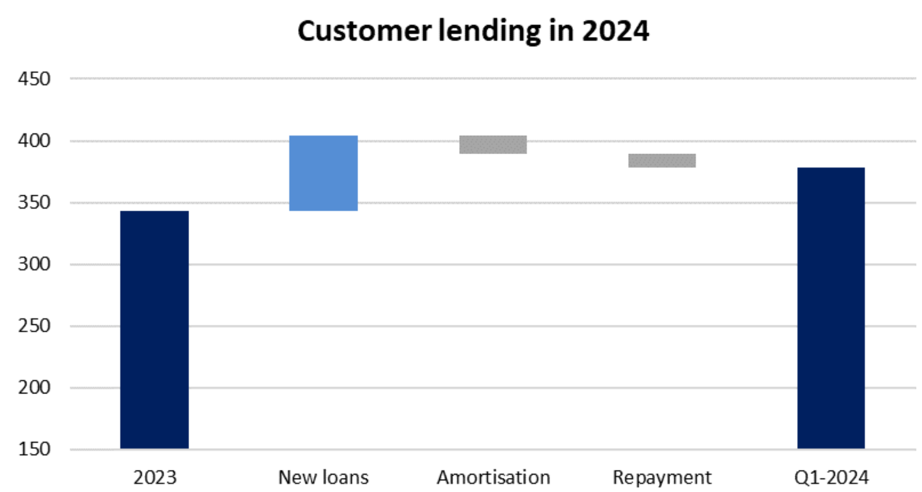
The liquidity situation has been good throughout the quarter. Surplus liquidity of about USD 211 million was mainly invested in interest-bearing securities, deposits in major banks and in Bank of Norway. The securities investments are in bonds with good liquidity and very low risk.

The Bank's short-term liquidity risk measured by LCR (Liquidity Coverage Ratio) was 710% (above a minimum requirement of 100%), and the long-term liquidity risk measured by NSFR (net Stable Funding Ratio) was 158% (above a minimum requirement of 100%).

Total Assets and Lending

Total assets ended at USD 590 123 284 in Q1 2024 (USD 577 592 048 in Q1 2023).

Lending to customer increased from USD 342 910 692 in Q4 2023 to USD 378 747 464 in Q1 2024 (USD 349 251 735 in Q1-2023).



Solvency
Core equity ratio (CET1) was 32.0% 31.03.2024 (35.0% 31.03.2023).
The Bank has not issued any subordinated or perpetual bonds.
The Bank paid USD 5 159 995 in dividend for 2023 in April-2024.

Risk factors

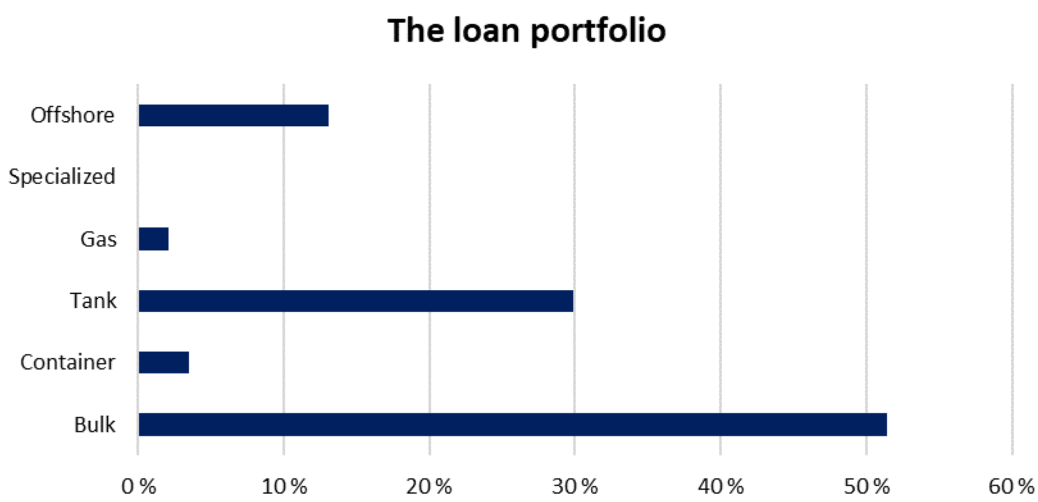
Credit risk

The average weighted quality of the portfolio is moderate risk, and the portfolio has a strong concentration around the mid-point. .

All commitments are secured with 1st priority mortgage on vessels, and the large majority of those were secured within 50-55% of appraised values when granted. In combination with an estimated moderate Default Probability, the moderate loan-to-value ratios provide for a sound credit portfolio with a limited potential for future losses, in particular since the vessels' values for most clients have a good margin in relation to the outstanding exposures.

In addition to estimating the Default Probability, we also estimate the Loss Given Default on each exposure. Based on the low leverage of financing in combination with financing non-specialized tonnage with strict covenants, the Loss Given Default for the loan portfolio is satisfactory.

The Bank's estimated risk cost, Expected Loss, is calculated as Probability of Default multiplied with Loss Given Default. It is included in all internal return on capital estimations in connection with granting new loans. The portfolio is distributed in risk classes according to collateral and internal risk classification. The loan portfolio is diversified and is distributed on bulk carriers (51.3%), tankers (29.9%), container vessels (3.5%), LPG (gas) (2.1%), offshore/supply (13.1%) and specialized (0%).



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.

ESG risk
The International Maritime Organization's (IMO) regulations with regards to the Carbon Intensity Indicator (CII) was introduced on 1 January 2023. This measures how much CO2 each ship emits annually. The vessels have been measured throughout 2023 for a 12-month emission period based on a detailed and extensive formula. Each vessel has been assigned a rating as of 31.3.2024 from A to E based on the prior year's data.

Vessels that received an A to C rating are in the clear and compliant, however, vessels receiving a D rating for three consecutive years or an E rating will have to put forward a corrective action plan on how to receive a C rating or better during the coming 12 months. Example of a corrective action plan might be installation of Engine Power Limitation (EPL), permanent slow steaming, or for the vessel to change fuel. The trajectory to obtain the rating classes A to E is lowered each year, thereby becoming increasingly rigorous towards 2030. The Bank and the shipping industry do not know yet how these CII ratings will impact second hand values and time charter rates, if at all, and we will monitor this closely throughout the year to be able to pick up on trends in the market that might influence our portfolio and when doing new facilities.

Our customers are now reporting on the ratings, and we have not been made aware that any of our financed vessels have received an E rating.

Liquidity risk

Maritime & Merchant Bank ASA has adopted guidelines for management of the Bank's liquidity position to ensure that the Bank maintains a solid liquidity. The Bank has a low liquidity risk profile. Main funding sources are equity and NOK deposits. The Bank has liquidity portfolio/buffers well above minimum requirement. Liquidity stress tests show satisfactory liquidity.

	31.03.2024	**31.03.2023**	**31.12.2023**	**31.12.2022**	**31.12.2021**
LCR	710%	703%	750%	450%	564%
Deposit Ratio *(1)*	73%	72%	71%	74%	77%

(1) % of total assets

Interest rate risk

Maritime & Merchant Bank ASA has defined guidelines that set limits for the maximum interest rate risk. Any exposure exceeding the interest rate risk limits shall be mitigated by using hedging instruments.

Market risk

Maritime & Merchant Bank ASA has developed guidelines and limits for counterparty exposure, maturity per counterpart, average duration of portfolio and foreign exchange risk.

AML risk:

Risk related to money laundering and terrorist financing represents an inherent operational risk. The bank works systematically to prevent products and services from being used to criminal activity. To understand the risk in own business, a business-oriented risk assessment has been prepared. The risk assessment sheds light on how the business can be misused for money laundering or terrorist financing, hereunder including vulnerabilities of the bank, and it forms thus the basis for the customer measures which are implemented. The risk assessment is based on external sources, own insight and experience. The assessment is updated at least annually, but more frequently in connection with relevant changes in threats against or vulnerabilities of the bank, e.g. new relevant criminal modes that the bank becomes aware of or new systems taken into usage.

Systematic work is being done to strengthen professional competence in the day-to-day execution of anti-money laundering work. All employees receive regular training in the money laundering regulations, both through e-learning and classroom teaching.

Customer portfolios and customer information will be regularly reviewed and followed up. The bank must know its own customers and information is therefore obtained about the customers both at establishment and on an ongoing basis in the customer relationship. The knowledge of who the customers are and how they plan to use the bank will contribute to reveal whether a customer's use of the bank can entail a risk of money laundering or terrorist financing.

All transactions are subject to transaction monitoring. If something suspicious is discovered, this is investigated in more detail and possibly reported to Økokrim.

Sanction risk:

The Bank is subject to the Sanctions Act, and through it imposed a number of duties to prevent violations of or circumvention of international sanctions. The sanctions regulations are complex and changing rapidly. That is why it is important that the bank has a focus on and knowledge of sanctions and regulations, and has a risk-based routine work in place.

In order to comply with the Sanctions Act, there is close follow-up of own customers through familiarity with customers' business, monitoring of transactions and screening of international payments against sanctions lists. A separate risk assessment relating to sanction risk is prepared.

Operational risk

Maritime & Merchant Bank ASA has established operational risk policy and guidelines. Contingency plans have been established, and insurance (professional responsibility, crime and Board of Directors responsibility) is purchased in order to reduce risk.

Ratios

Ratios	YTD 2024	YTD 2023	2023
Cost/Income Ratio	32.3%	31%	32.2%
Return on Equity before tax	14.3%	16.0%	15.1%
Net Income Margin	4.88%	4.78%	5.0%
Net Interest Margin	4.63%	4.63%	4.8%
Deposit to loan Ratio	113%	119%	115%
LCR	710%	703%	750%
NPL Ratio	0%	0%	0%
Equity Ratio (CET1)	32.0%	35.0%	34.0%
Loss allowance/Loan ratio	0.50%	0.50%	0.51%

Ratio formulas, se Appendix 1

Outlook

The shipping markets are generally performing at a high level. This situation stimulates for further investments in the shipping sector. The bank feel it is well placed to serve our clients domestically and internationally and to contribute for materializing new projects going forward. In a rapidly changing world the shipping industry has once again maintained its position as a key element for securing critical supplies to the population and the industry of the world

----

Oslo May 15th, 2024

Board of Directors, Maritime & Merchant Bank ASA

Statement of Profit & Loss

- In USD	*Note*	2024 01.01-31.03	2023 01.01-31.03	2023 01.01 - 31.12
Interest income and related income				
Interest income from customers (effective Interest method)		9 752 293	9 572 689	36 560 104
Interest from certificates and bonds		1 610 966	1 070 740	5 359 104
Interest from credit institutions (effective interest method)		1 215 245	588 413	3 399 282
Total interest income and related income		**12 578 504**	**11 231 841**	**45 318 489**
Interest expenses				
Interest and similar expenses of debt to credit institutions		0	0	0
Interest and related expenses of debt to customers		-5 219 562	-3 264 604	-14 905 710
Net interest expenses from financial derivatives		-724 454	-1 235 184	-3 939 409
Other fees and commissions		-68 216	-75 379	-294 515
Net interest expenses and related expenses		**-6 012 232**	**-4 575 166**	**-19 139 633**
Net interest income and related income		**6 566 272**	**6 656 675**	**26 178 856**
Commissions, other fees and income from banking		116 605	164 693	408 489
Commissions, other fees and expenses from banking		-23 077	-22 400	-91 209
Net value adjustments on foreign exchange and financial derivatives		153 657	89 294	425 984
Net value adjustments on interest-bearing securities		109 193	-17 333	213 802
Total income		**6 922 651**	**6 870 929**	**27 135 922**
Salaries, administration and other operating expenses				
Salaries and personnel expenses		-1 635 811	-1 474 933	-6 030 990
Administrative and other operating expenses		-520 663	-540 936	-2 357 290
Net salaries, administration and other operating expenses		**-2 156 475**	**-2 015 869**	**-8 388 280**
Total depreciation and impairment of fixed and intangible assets	**8**	**-81 764**	**-110 681**	**-355 019**
Total operating expenses		**-2 238 239**	**-2 126 551**	**-8 743 298**
Operating result		**4 684 411**	**4 744 379**	**18 392 624**
Loan loss provisions (IFRS - 9)	**4**	-162 813	161 835	179 492
Impairments (Credit Loss)		0	0	
Profit (+) / Loss (-) for the period before tax		**4 521 598**	**4 906 213**	**18 572 116**
Incomel Tax	**5**	**-1 130 400**	**-1 226 621**	**-5 672 129**
Result for the period after tax		**3 391 198**	**3 679 592**	**12 899 987**
Comprehensive result for the period		**3 391 198**	**3 679 592**	**12 899 987**

Q1 numbers (2024 and 2023) are not audited.

- *Income Tax: see page 7 ”Deferred Tax and payable tax” and note 5 “Taxation of profit”*
- *Income Tax will affect “Result after Tax”, “Total Equity”, and “Other liabilities”*

Balance Sheet

<u>Assets</u>		2024	2023	2023
- In USD	**Note**	**31.03.2024**	**31.03.2023**	**31.12.2023**
Cash and balances at Central Bank		**6 227 201**	**6 202 920**	**6 545 566**
Lending to and receivables from credit institutions		**77 177 231**	**98 299 381**	**59 414 387**
Lending to customers	4	378 747 464	349 251 735	342 910 692
Loss provisions on loans to customers	4	-1 897 341	-1 752 184	-1 734 527
Net lending to cutomers		**376 850 124**	**347 499 550**	**341 176 165**
Certificates, bonds and other receivables				
Commercial papers and bonds valued at market value	4	127 794 420	123 336 251	135 607 625
Commercial papers and bonds valued at amortised cost		0	0	0
Certificates, bonds and other receivables		**127 794 420**	**123 336 251**	**135 607 625**
Shares		**237 472**	**195 011**	**242 726**
Intangible assets				
Deferred tax assets		0	0	0
Other intangible assets	8	79 564	18 799	61 479
Total intangible assets		**79 564**	**18 799**	**61 479**
Fixed assets				
Fixed assets	8	1 273 067	1 587 749	1 349 772
Total fixed assets		**1 273 067**	**1 587 749**	**1 349 772**
Other assets				
Financial derivatives	9	0	0	2 387 368
Other assets		96 963	19 502	71 565
Total other assets		**96 963**	**19 502**	**2 458 933**
Expenses paid in advance				
Prepaid, not accrued expenses		387 242	432 883	257 359
Total prepaid expenses		**387 242**	**432 883**	**257 359**
TOTAL ASSETS		**590 123 284**	**577 592 048**	**547 114 013**

<u>**Liabilities and shareholders equity**</u>				
- In USD		**31.03.2024**	**31.03.2023**	**31.12.2023**
Liabilities				
Loans and deposits from credit institutions		0	0	0
Deposits from and liabilities to customers		431 453 157	414 913 238	397 316 100
Total loans and deposits		**431 453 157**	**414 913 238**	**397 316 100**
Other liabilities				
Financial derivatives	9	16 117 915	27 706 145	8 120 584
Other liabilities	10	11 850 508	11 799 791	9 403 332
Total other liabilities		**27 968 423**	**39 505 936**	**17 523 916**
Accrued expenses and received unearned income				
Accrued expenses and received unearned income	10	883 600	826 635	691 422
Total accrued expenses and received unearned income		**883 600**	**826 635**	**691 422**
Total Liabilities		**460 305 181**	**455 245 810**	**415 531 438**
Shareholders equity				
Paid-in capital				
Share capital	11	9 708 655	9 708 655	9 708 655
Share premium account		94 148 865	94 148 865	94 148 865
Total paid-in capital		**103 857 520**	**103 857 520**	**103 857 520**
Other Equity				
Retained earnings, other		-408 837	-429 104	-413 161
Retained earnings		26 369 420	18 917 821	28 138 216
Total other equity		**25 960 583**	**18 488 717**	**27 725 055**
Total shareholder equity		**129 818 103**	**122 346 238**	**131 582 575**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**590 123 284**	**577 592 048**	**547 114 013**

- *Income Tax: see page 7 "Deferred Tax and payable tax" and note 5 "Taxation of profit"*
- *Income Tax will affect "Result after Tax", "Total Equity", and "Other liabilities"*

Statement of Equity

- In USD	Share capital	Share premium	Retained earnings	Other free equity	Total equity
Equity as per 31.12.2018	8 630 639	83 296 586	-3 337 221	-556 370	88 033 634
Equity as per 31.12.2019	9 708 655	94 148 865	4 739 462	-438 660	108 158 322
Equity as per 31.12.2020	9 708 655	94 148 865	9 972 177	-267 393	113 562 304
Equity as per 31.12.2021	9 708 655	94 148 865	13 578 849	-499 651	116 936 717
Equity as per 31.12.2022	9 708 655	94 148 865	19 238 230	-437 885	122 657 864
Employee stock option				8 781	8 781
Declared dividend			-4 000 000		-4 000 000
Profit			3 679 592	0	3 679 592
Equity as per 31.03.2023	9 708 655	94 148 865	18 917 822	-429 104	122 346 238
Employee stock option				7 296	7 296
Profit			3 397 061	0	3 397 061
Equity as per 30.06.2023	9 708 655	94 148 865	22 314 883	-421 808	125 750 595
Employee stock option				4 322	4 322
Profit			3 224 613	0	3 224 613
Equity as per 30.09.2023	9 708 655	94 148 865	25 539 496	-417 486	128 979 530
Employee stock option				4 325	4 325
Profit			2 598 719	0	2 598 719
Equity as per 31.12.2023	9 708 655	94 148 865	28 138 215	-413 161	131 582 574
Employee stock option				4 325	4 325
Declared dividend			-5 159 995		-5 159 995
Profit			3 391 199		3 391 199
Equity as per 31.03.2024	9 708 655	94 148 865	26 369 419	-408 836	129 818 104

- *Income Tax: see page 7, "Deferred Tax and payable tax" and note 5 "Taxation of profit"*
- *Income Tax will affect "Result after Tax", "Total Equity", and "Other liabilities"*

Statement of Cash Flows

- In USD	31.03.2024	31.03.2023	31.12.2023
Cashflow from operational activities			
Profit before tax	4 521 598	4 906 213	18 572 116
Change in loans to customers excluding accrued interest	-33 409 825	22 791 669	27 299 377
Change in deposits from customers excluding accrued interest	29 068 520	-13 816 788	-28 267 739
Change in loans and deposits from credit institutions	0	0	0
Change in certificates and bonds	7 813 206	7 853 859	-4 417 515
Change in shares, mutual fund units and other securities	5 254	-3 167	-50 882
Change in financial derivatives	10 384 699	13 566 712	-8 406 217
Change in other assets and other liabilities	2 484 073	1 304 519	-1 103 693
Interest income and related income from customers	-9 752 293	-10 323 344	-36 560 104
Interest received from customers	7 488 159	10 430 919	38 483 356
Net interest expenses and related expenses to customers	5 219 562	3 264 604	14 905 710
Interest paid to customers	-151 024	-118 416	-14 905 710
Ordinary depreciation	81 764	113 513	355 019
Other non cash items	-4 008 889	-3 977 596	19 357
Net cash flow from operating activities	**19 744 805**	**35 992 697**	**5 923 076**
Payments for acquisition of assets	-53 218	-5 388	-71 327
Net cash flow from investing activities	**-53 218**	**-5 388**	**-71 327**
Issuance of equity	0	0	0
Lease payments	-94 317	84 912	-346 136
Dividend Payments	0	0	-4 000 000
Net cash flow from financing activities	**-94 317**	**84 912**	**-4 346 136**
Effect of exchange rate changes and other	**-2 152 790**	**-1 330 809**	**-5 306 549**
Sum cash flow	**17 444 480**	**34 741 412**	**-3 800 937**
Net change in cash and cash equivalents	17 444 480	34 741 412	-3 800 937
Cash and cash equivalent as per 01.01.	65 959 952	69 760 889	69 760 889
Cash and cash equivalent as per 30.06.	**83 404 432**	**104 502 301**	**65 959 953**

Notes 31.03.2024.

Note 1, Reporting entity

Maritime & Merchant Bank ASA is a company domiciled in Norway. The Bank's registered office is at Haakon VIIs gate 1, 0161 Oslo. The Bank's lending is towards the corporate market.

Note 2, General accounting principles

The interim report for the first quarter of 2024 is prepared in accordance with Regulations on annual accounts for banks, credit institutions and financing companies (The annual accounts regulations). The interim report for the first quarter of 2024 is prepared using the same accounting principles and calculation methods as described in the Annual Report 2023.

Note 3, Functional and presentation currency

These consolidated financial statements are presented in USD, which is the Bank's functional currency. The Bank's taxation currency is NOK.
USDNOK exchange rate 31.03.2024: 10.7939 (31.12.2023: 10.16715)

RISK

Note 4, Risk

Risk Management and Capital Adequacy

The Capital Adequacy figures for Maritime & Merchant Bank ASA are based on the calculation by means of the standardised approach.

Credit risk
The Bank has chosen the basic approach for calculation credit risk (Risk-Weighted Assets).

Operational risk
The Bank has chosen to apply the basic approach under Pilar 1 for calculating operational risk. This applies a capital requirement of 15 per cent of the annual income reported in the last three years.

Market risk
The market risk of the Bank is modest and is calculated using the standardised approach in Pilar 1.

Capital Adequacy

Amounts in 1000 USD	***31.03.2024***	***31.12.2023***	***31.03.2023***
Share capital	*9 709*	*9 709*	*9 709*
+ Other reserves	*120 109*	*121 874*	*112 638*
- Dividend		*- 5 160*	
- Deferred tax assets and intangible assets	*- 80*	*- 61*	*- 19*
- This year's result	*-3 391*		*- 3 680*
- Adjustments to CET1 due to prudential filters	*-144*	*- 144*	*- 151*
Common Equity Tier 1 (CET 1)	***126 203***	***126 215***	***118 497***
Calculation basis			
Credit Risks			
+ Bank of Norway	*-*	*-*	*-*
+ Local and regional authorities	*-*	*-*	*-*
+ Institutions	*14 601*	*13 477*	*16 832*
+ Companies	*327 402*	*302 069*	*276 964*
+ Covered bonds	*11 543*	*12 245*	*11 052*
+ Shares	*237*	*243*	*195*
+ Other assets	*1 757*	*1 679*	*2 040*
Total Credit risks	***355 541***	***329 713***	***307 082***
+ Operational risk	*36 428*	*38 674*	*28 962*
+ Counterparty risk derivatives (CVA-risk)	*2 477*	*2 944*	*2 613*
Total calculation basis	***394 447***	***371 330***	***338 657***
Capital Adequacy			
Common Equity Tier 1 %	***32.00 %***	***33.99 %***	***35.0 %***
Total capital %	***32.00 %***	***33.99 %***	***35.0 %***

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.

Risk classes and credit score:

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%

Factors in scorecard PD - model:

Quantitative factors:

- 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

Qualitative factors

- 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)

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.

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 1.597.

Exposure in the scenario model is the same as at 31.03.2024.

Loss Allowance and Impairments

Loss allowance	**31.03.2024**	**31.03.2023**	**31.12.2023**	**31.12.2022**	**31.12.2021**
Step1	1 421 328	1 205 351	1 298 277	1 345 649	618 860
Step2	476 013	546 833	436 250	568 370	826 436
Step3	0	0	0	0	0
Sum	1 897 341	1 752 184	1 734 527	1 914 019	1 445 296
Allowance/Loan Ratio	0.50 %	0.50 %	0.51 %	0.51 %	0.46 %
Impairments	0	0	0	0	0

The loss allowance has increased since year-end 2023 due to a higher loan portfolio.

Loans where no loss provision has been recognized due to collateral:
31.03.2024: 0
31.03.2023: 0

Remaining exposure from credit impaired loans and loss exposed loans:

31.03.2024	**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**

31.03.2023	**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**

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	1 174 000
Unchanged	1 188 000
Vessel value down	2 641 500

31.03.2024

	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 31.12.2023	1 298 277	436 250	-	1 734 527
Lending to customers 31.12.2023	302 802 074	40 108 618	-	342 910 692
				-
Changes				-
Transfer to Step 1	-	-	-	-
Transfer to Step 2	-	-	-	-
Transfer to Step 3	-	-	-	-
Reclassification	4 241	-	-	4 241
Amortization	- 67 742	-		- 67 742
New commitments	189 460			189 460
Effect of Scenario Adjustment	- 2 908	39 763		36 856
Allowance as of 31.03.2024	**1 421 328**	**476 013**	**-**	**1 897 341**
Lending to customers 31.03.2024	331 958 189	*46 789 275*	-	*378 747 464*
Loans not disbursed	0			
Allowance: Loans not disbursed	-			-
Net Change in Loss allowance	**123 051**	**39 763**	**0**	**162 813**

1) *Reclassification: Change in Expected Loss calculation*
2) Step 2 Expected loss is due to assumed migration in the macro scenario analysis. No commitments are currently identified in step 2.

<u>31.03.2023</u>

	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	18 021	-	-	18 021
Amortization	- 109 686	-		- 109 686
New commitments	47 206			47 206
Effect of Scenario Adjustment	- 95 839	- 21 537		- 117 376
Allowance as of 31.03.2023	**1 205 351**	**546 833**	**-**	**1 752 184**
Lending to customers 31.03.2023	297 380 194	*51 871 541*	-	*349 251 735*
Loans not disbursed	0			
Allowanse: Loans not dispursed	-			-
Net Change in Loss allowance	**-140 298**	**-21 537**	**0**	**- 161 835**

Reclassification: Change in Expected Loss calculation

**Loss allowance in step 2 is a result of anticipated migration in the negative macro scenario*

Credit risk: Total

31.03.2024

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 227 201					6 227 201
Deposits with credit institution	77 177 231					77 177 231
Certificates and bonds	127 794 420					127 794 420
Shares and other securities			237 472			237 472
Loans to customers		103 119 243	275 628 221	0	0	378 747 464
Total	**211 198 852**	**103 119 243**	**275 865 693**	**0**	**0**	**590 183 788**

Committed loans, not disbursed			24 185 000			

31.03.2023

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 202 920					6 202 920
Deposits with credit institution	98 299 381					98 299 381
Certificates and bonds	123 336 251					123 336 251
Shares and other securities			195 011			195 011
Loans to customers		122 275 855	226 975 880	0	0	349 251 735
Total	**227 838 553**	**122 275 855**	**227 170 891**	**0**	**0**	**577 285 299**

Committed loans, not disbursed			34 500 000			

Lending to customers by segment

	Q1 2024		Q1 2023		Q4 2023	
Sector	**USD**	**Share %**	**USD**	**Share %**	**USD**	**Share %**
Bulk	194 676 197	51,4%	167 291 581	48 %	192 715 809	56 %
Container	13 256 161	3,5%	34 575 922	10 %	14 059 338	4 %
Tank	113 245 492	29,9%	134 112 666	38 %	100 815 743	29 %
Gas	7 953 697	2,1%	13 271 566	4 %	8 572 767	3 %
Specialized	-	0 %	-	0 %	-	0 %
Offshore	49 615 918	13,1%	-	0 %	26 747 034	8 %
Sum	**378 747 464**	**100 %**	**349 251 735**	**100 %**	**342 910 692**	**100.000 %**

Bonds and certificates: Risk Weight

Risk Weight	**Q1 2024** Fair Value	**Q1 2023** Fair Value	**2023** Fair Value
0 %	12 360 281	12 820 961	13 153 323
10 %	115 434 138	110 515 289	122 454 303
20 %			
100 %			
Total	**127 794 420**	**123 336 251**	**135 607 626**

Bonds and certificates: Rating

Rating	Q1 2024 Fair Value	Q1 2023 Fair Value	2023 Fair Value
AAA	123 047 296	118 415 642	130 556 680
AA+	4 747 123	4 920 609	5 050 946
AA	0	0	0
A	0	0	0
Total	**127 794 420**	**123 336 251**	**135 607 626**

Bonds and certificates: Sector

Sector	Q1 2024 Fair Value	Q1 2023 Fair Value	2023 Fair Value
Supranationals	1 917 163	1 995 704	2 041 996
Local authority	10 443 118	10 825 258	11 111 327
Credit Institutions	115 434 138	110 515 289	122 454 303
Bank	-		-
Total	**127 794 420**	**123 336 250**	**135 607 626**

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.

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.

Calculated tax will be affected by changes in USDNOK exchange rate (see note 5)

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.

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.

INCOME AND COST

Note 5, Taxation of profit

1) Present tax calculation (Ordinary 25% tax on profit/loss)

	USD	NOK
Profit Before Tax	4 521 598	48 805 677
Tax related agio on equity	-	-
Basis for Tax Calculation	4 521 598	48 805 677
Calculated Tax (25%)	**1 130 400**	**12 201 419**

2) Full currency agio on Equity (Previous method)

	USD	NOK
Profit Before Tax	4 521 598	48 805 677
Tax related agio on equity	7 513 847	81 103 716
Basis for Tax Calculation	12 035 445	129 909 393
Calculated Tax (25%)	**3 008 861**	**32 477 348**

The calculated tax for the period is 67% of the ordinary result before tax (compared to 25% tax rate for banks with Norwegian krone as functional currency).

The main reason is that even though the Bank's functional currency is USD, it is required to translate both P&L and the majority of assets and liabilities to NOK for tax purposes. Changes in net assets (equity) resulting from exchange rate will be subject to tax.

ASSETS

Note 6, Financial instruments at fair value.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

31.03.2024

Amounts in USD 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	0	127 794	0	127 794
Shares and other securities	0	0	0	0
Financial derivatives	0	-0	0	-0
Total financial assets	**0**	**127 794**	**0**	**127 794**
Financial derivatives	0	16 118	0	16 118
Total financial liabilities	**0**	**16 118**	**0**	**16 118**

31.03.2023

Amounts in USD 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	0	123 336	0	123 336
Shares and other securities	0	0	0	0
Financial derivatives	0	-0	0	-0
Total financial assets	**0**	**123 336**	**0**	**123 336**
Financial derivatives	0	27 706	0	27 706
Total financial liabilities	**0**	**27 706**	**0**	**27 706**

Note 7, Financial pledges

The Bank has pledged NOK 162 700 000 of deposits as collateral for financial derivatives.

Note 8, Other intangible assets and fixed assets

- In USD	31.03.2024		31.03.2023	
	Other intangible assets	**Property, plant and equipment**	**Other intangible assets**	**Property, plant and equipment**
Cost or valuation at 01.01	616 205	2 666 819	3 855 490	2 983 100
Exchange and other adjustments	0	54 289	-227 345	-75 316
Additions	23 013	30 205		5 388
Disposals and retirement	-509 983	-21 014	-3 086 558	-280 933
Cost or valuation at end of period	**129 234**	**2 730 300**	**541 588**	**2 632 240**
Accumulated depreciation and impairment at 01.01.	-554 726	-1 317 047	-3 806 667	-1 322 906
Exchange and other adjustments	-4 133	-80 231	225 939	82 377
Depreciation charge this year	-795	-80 969	-28 618	-84 895
Disposals and retirement	509 983	21 014	3 086 558	280 933
Accumulated depreciation and impairment at end of period	**-49 670**	**-1 457 233**	**-522 789**	**-1 044 491**
Balance sheet amount at end of period	**79 564**	**1 273 067**	**18 799**	**1 587 749**
Economic lifetime	*5 years*	*3 years*	*5 years*	*3 years*
Depreciation schedule	*Linear*	*Linear*	*Linear*	*Linear*

Fixed assets	**31.03.2024**	**31.03.2023**
Right to use assets	1 239 787	1 587 749
Other	33 280	9 270
Sum fixed assets	**1 273 067**	1 587 749

LIABILITIES

Note 9, Other assets and financial derivatives.

31.03.2024

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	205 000		2 047 935	0	15 952
Buy/Sell EUR against NOK		4 700	53 134	0	166
Total Currency Derivatives	**205 000**	**4 700**	**2 101 069**	**0**	**16 118**

31.03.2023

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	160 000		1 385 035	1 598	3 041
Buy/Sell EUR against NOK		9 880	100 666	614	0
Total Currency Derivatives	**160 000**	**9 880**	**1 485 701**	**2 212**	**3 041**

Note 10, Other Liabilities and accrued cost

- In USD	**31.03.2024**	**31.03.2023**
Account payables	72 871	29 398
Tax withholdings	146 620	136 636
VAT payable	46 441	57 302
Tax payable	3 870 212	3 089 369
Deferred tax	1 020 807	2 444 552
Lease liability	1 304 956	1 639 274
IFRS-9 Allowance (loans not disbursed)	-	-
Other liabilities	5 388 601	4 403 259
Total other liabilities	**11 850 508**	**11 799 791**
Holiday pay and other accrued salaries	809 347	770 420
Other accrued costs	74 253	56 215
Total accrued costs	**883 600**	**826 635**

Note 11, Share capital and shareholder information

The Bank has 81 700 480 shares at NOK 1.

The total share capital is NOK 81 700 480. The Bank has one share class only.

The Bank has 50 shareholders.

The ten largest shareholders of the Bank are:

No	Shareholder	Numb. of shares	%
1	Centennial AS	20 419 790	24.99 %
1	Henning Oldendorff	20 419 790	24.99 %
3	Skandinaviska Enskilda Banken AB	8 170 000	9.99 %
4	Société Générale	6 943 049	8.50 %
5	Deutsche Bank Aktiengesellschaft	6 667 000	8.16 %
6	Canomaro Shipping AS	4 388 990	5.37 %
7	Titan Venture AS	4 261 035	5.22 %
8	Ole Einar Bjørndalen	1 642 625	2.01 %
9	Société Générale	1 226 951	1.50 %
10	DNB Luxembourg S.A.	905 000	1.11 %
	Others	6 656 250	8.15 %
	Total	**81 700 480**	**100 %**

Appendices

Appendix 1, Alternative Performance Measures

Formulas for calculation of Alternative Performance Measures

<u>Ratio formulas</u>

$$Cost/Income\ Ratio = \frac{Total\ operating\ expences}{Total\ income}$$

$$Return\ on\ equity\ before\ tax\ = \frac{Net\ profit\ before\ tax}{(Equity\ start\ of\ the\ year - dividend + New\ equity * Yearfraction)}$$

$$Year\ fraction = \frac{12 - Months\ before\ equity\ issue}{12}$$

$$Net\ Income\ Margin = \frac{Total\ income}{(Interest - bearing\ assets\ start\ of\ year + Interest - bearing\ assets\ end\ of\ year) * 0{,}5}$$

$$Net\ Interest\ Margin = \frac{Net\ interest\ income}{(Interest - bearing\ assets\ start\ of\ year + Interest - bearing\ assets\ end\ of\ year) * 0{,}5}$$

$$Deposit\ to\ loan\ ratio = \frac{Total\ deposits}{Loans\ to\ customers}$$

$$NPL\ ratio = \frac{Non\ performing\ exposure\ (loans\ to\ customers)}{Loans\ to\ customers}$$ *(non-performing loan ratio)*

$$Deposit\ ratio = \frac{Total\ deposits}{Total\ Assets}$$

$$Loss\ allowance/Loan\ Ratio = \frac{Total\ Loss\ Alloance}{Loans\ to\ customers}$$ *(on performing loans)*

LCR = Liquid assets relative to net liquidity outflow in a 30-day stress scenario.