



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 912 277 070  
Organisasjonsform: Allmennaksjeselskap  
Foretaksnavn: MARITIME & MERCHANT BANK ASA  
Forretningsadresse: Haakon VII's gate 1  
0161 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lars Fossen  
Dato for fastsettelse av årsregnskapet: 15.02.2024

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert  
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 09.05.2025



### Resultatregnskap

Beløp i: USD	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Renteinntekter og lignende inntekter</b>			
Renteinntekter beregnet etter effektivrentemetoden av utlån til og fordringer på kredittinstitusjone		3 399 282	1 460 521
Renteinntekter beregnet etter effektivrentemetoden av utlån til og fordringer på kunder		36 560 104	26 240 049
Renteinntekter beregnet etter effektivrentemetoden av rentebærende verdipapirer		5 359 104	2 588 594
<b>Sum renteinntekter og lignende inntekter</b>		<b>45 318 490</b>	<b>30 289 164</b>
<b>Rentekostnader og lignende kostnader</b>			
Rentekostnader beregnet etter effektivrentemetoden på gjeld til kredittinstitusjoner og finansiering			0
Rentekostnader beregnet etter effektivrentemetoden på innskudd fra og gjeld til kunder		14 905 710	7 405 406
Øvrige rentekostnader		4 233 924	1 278 445
<b>Sum rentekostnader og lignende kostnader</b>		<b>19 139 634</b>	<b>8 683 851</b>
<b>Netto renteinntekter</b>		<b>26 178 856</b>	<b>21 605 313</b>
Provisjonsinntekter og inntekter fra banktjenester		408 489	681 786
Provisjonskostnader og kostnader ved banktjenester		91 209	138 902
<b>Utbytte og andre inntekter av egenkapitalinstrumenter</b>			
<b>Sum utbytte og andre inntekter av egenkapitalinstrumenter</b>		<b>0</b>	<b>0</b>
<b>Netto verdiendring og gevinst/tap på valuta og finansielle instrumenter</b>			
Netto verdiendring og gevinst/tap på rentebærende verdipapirer		213 802	-549 100
Netto verdiendring og gevinst/tap på valuta og finansielle derivater		425 984	541 603
<b>Sum netto verdiendring og gevinst/tap på valuta og finansielle instrumenter</b>		<b>639 786</b>	<b>-7 497</b>
Lønn og andre personalkostnader		6 030 990	5 611 292
<b>Andre driftskostnader</b>		<b>2 357 289</b>	<b>1 858 370</b>



## Resultatregnskap

Beløp i: USD	Note	2023	2022
<b>Av-/nedskrivninger, verdiendringer og gevinst/tap på ikke-finansielle eiendeler</b>			
Avskrivninger	14	355 019	575 033
<b>Sum av-/nedskrivninger, verdiendringer og gevinst tap på ikke-finansielle eiendeler</b>		<b>-355 019</b>	<b>-575 033</b>
<b>Kredittap på utlån, garantier mv. og rentebærende verdipapirer</b>			
Kredittap på utlån målt til amortisert kost eller virkelig verdi med verdiendring over andre inntekt	7	-179 492	468 723
<b>Sum kredittap på utlån, garantier og rentebærende verdipapirer</b>		<b>-179 492</b>	<b>468 723</b>
<b>Resultat før skatt fra videreført virksomhet</b>		<b>18 572 116</b>	<b>13 627 282</b>
Skatt på resultat fra videreført virksomhet	9	5 672 129	6 438 587
<b>Resultat etter skatt fra videreført virksomhet</b>		<b>12 899 987</b>	<b>7 188 695</b>
<b>Resultat før andre inntekter og kostnader</b>		<b>12 899 987</b>	<b>7 188 695</b>
<b>Andre inntekter og kostnader</b>			
<b>Sum andre inntekter og kostnader</b>		<b>0</b>	<b>0</b>
<b>Totalresultat for regnskapsåret</b>		<b>12 899 987</b>	<b>7 188 695</b>



### Balanse

Beløp i: USD	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
Kontanter og kontantekvivalenter		6 545 566	6 544 349
<b>Utlån til og fordringer på kredittinstitusjoner og finansieringsforetak</b>			
Utlån og fordringer på kredittinstitusjoner og finansieringsforetak til amortisert kost		59 414 387	63 206 540
<b>Sum utlån og fordringer på kredittinstitusjoner og finansieringsforetak</b>		<b>59 414 387</b>	<b>63 206 540</b>
<b>Utlån til og fordringer på kunder</b>			
Utlån og fordringer på kunder til amortisert kost	7	341 176 165	370 398 794
<b>Sum utlån og fordringer på kunder</b>		<b>341 176 165</b>	<b>370 398 794</b>
<b>Rentebærende verdipapirer</b>			
Rentebærende verdipapirer til virkelig verdi	7	135 607 625	131 190 110
<b>Sum rentebærende verdipapirer</b>		<b>135 607 625</b>	<b>131 190 110</b>
<b>Finansielle derivater</b>			
Finansielle derivater	16	2 387 368	913 996
<b>Aksjer, andeler og andre egenkapitalinstrumenter</b>			
Aksjer, andeler og andre egenkapitalinstrumenter		242 726	191 844
<b>Immaterielle eiendeler</b>			
Immaterielle eiendeler	14	61 479	48 823
<b>Varige driftsmidler</b>			
Andre varige driftsmidler	14	1 349 772	1 660 196
<b>Sum varige driftsmidler</b>		<b>1 349 772</b>	<b>1 660 196</b>
Andre eiendeler			
Andre eiendeler		328 925	430 339
<b>Sum andre eiendeler</b>		<b>328 925</b>	<b>430 339</b>
<b>SUM EIENDELER</b>		<b>547 114 013</b>	<b>574 584 991</b>



### Balanse

Beløp i: USD	Note	2023	2022
<b>BALANSE - GJELD OG EGENKAPITAL</b>			
<b>GJELD</b>			
<b>Innlån fra kredittinstitusjoner og finansieringsforetak</b>			
Sum innlån fra kredittinstitusjoner og finansieringsforetak		0	0
<b>Innskudd og andre innlån fra kunder</b>			
Innskudd og andre innlån fra kunder til amortisert kost		397 316 100	425 583 838
Sum innskudd og andre innlån fra kunder		<b>397 316 100</b>	<b>425 583 838</b>
<b>Gjeld stiftet ved utstedelse av verdipapirer</b>			
Sum gjeld stiftet ved utstedelse av verdipapirer		0	0
<b>Finansielle derivater</b>			
Finansielle derivater	16	8 120 584	15 053 429
<b>Annen gjeld</b>			
Annen gjeld	17	3 183 991	3 439 705
<b>Avsetninger</b>			
Forpliktelse ved periodeskatt	17	5 827 029	6 565 906
Forpliktelse ved utsatt skatt	17	1 083 734	1 294 249
Sum avsetninger		<b>6 910 763</b>	<b>7 860 155</b>
<b>Ansvarlig lånekapital</b>			
Sum ansvarlig lånekapital		0	0
<b>Fondsobligasjonskapital</b>			
Sum fondsobligasjonskapital		0	0
Sum gjeld		<b>415 531 438</b>	<b>451 937 127</b>
<b>EGENKAPITAL</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital/eierandelskapital	18	9 708 655	9 708 655
Overkursfond		94 148 865	94 148 865
Sum innskutt egenkapital		<b>103 857 520</b>	<b>103 857 520</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		27 725 055	18 800 344
<b>Sum opptjent egenkapital</b>		<b>27 725 055</b>	<b>18 800 344</b>
<b>Sum egenkapital</b>		<b>131 582 575</b>	<b>122 657 864</b>
<b>SUM GJELD OG EGENKAPITAL</b>		<b>547 114 013</b>	<b>574 594 991</b>



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To the General Meeting of Maritime & Merchant Bank ASA

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Maritime & Merchant Bank ASA (the Company), which comprise the balance sheet as at 31 December 2023, the statement of profit & loss, statement of equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Our opinion is consistent with our additional report to the Audit Committee.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

Maritime & Merchant Bank ASA was registered as a bank 20. December 2016. We have been the auditor of Maritime & Merchant Bank ASA for 11 years from the election by the general meeting of the shareholders on 13. August 2013 for the accounting year 2013.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IT Systems and Internal Controls relevant for Financial Reporting

#### Description of the Key Audit Matter

The IT systems within Maritime & Merchant Bank AS are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates

#### How the matter was addressed in the audit

Maritime & Merchant Bank AS has established a general governance model and control activities on its IT systems. We have obtained an understanding of the

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and calculations, and in obtaining relevant information to be disclosed.

The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. For more information regarding development, operation and management of the bank's IT systems see note 7 in the Financial Statements.

Proper management and control of these IT systems both at Maritime & Merchant Bank AS and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore a key audit matter.

bank's IT governance model relevant for financial reporting.

We assessed and tested the design of selected internal control activities relevant for financial reporting, including selected controls related to information security. For a sample of these controls, we tested their operating effectiveness in the reporting period.

We also reviewed the third-party attestation report (ISAE 3402 Report) from Maritime & Merchant Bank AS's service provider of the core banking system focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of Maritime & Merchant Bank AS.

In addition, we reviewed a third-party confirmation (ISRS 4400 Agreed-upon procedures) related to the service provider with regards to whether selected automated control activities in the IT systems, including among others the calculation of interests and fees, as well as system generated reports were satisfactorily designed and if they had operated effectively in the period.

We engaged our internal IT experts in the work related to understanding the governance model on IT systems and in assessing and testing the internal control activities related to IT systems.

Corporate loan loss provisions

### Description of the Key Audit Matter

Maritime & Merchant Bank AS has loans in the corporate segment, and reference is made to note 7 for disclosures on credit risk and loss provisions on loans and guarantees.

Maritime & Merchant Bank AS has considered the expected credit loss (ECL) on loans to customers in the corporate market segment. The estimate involves considerable judgement.

The judgement relates to forward-looking information regarding the probability of default and loss given default.

The bank has developed internal models to estimate ECL. The assumptions and estimates used in these assessments are decisive for the size of the loss allowance and is therefore a key audit matter in the

### How the matter was addressed in the audit

Maritime & Merchant Bank AS has established control activities related to the estimation of loss allowance on loans to customers in the corporate market segment.

We assessed and tested the design of selected control activities concerning the estimation of expected credit loss, including selected controls related to validation of methods and assumptions used and macro scenarios.

For a sample of these control activities, we tested if they operated effectively during the period.

We have performed audit procedures to address the loss allowance as of year-end. We have obtained and assessed the bank's justification for the ECL and challenged management on the assumptions and assessments on which the overall estimates are based. We considered if the disclosures on loss allowance on



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audit.

loans to customers include relevant and significant information in accordance with requirements set forth in IFRS 7.

### *Other Information*

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Social Responsibility.

### *Responsibilities of Management for the Financial Statements*

The Board of Directors and the Managing Director (management) are responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 13 February 2024  
Deloitte AS

**Morten Alsos**  
State Authorised Public Accountant



## M&M BANK - INDEPENDENT AUDITOR'S REPORT

Name

Date

Alsos, Morten

2024-02-13

Identification

 bankID<sup>™</sup> Alsos, Morten



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# Maritime & Merchant Bank ASA

## Financial Report

31.12.2023





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*Financial Report 31.12.2023*



## Financial Report 31.12.2023

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

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

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

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

However, growth in the world economy is moderate and according to the OECD's calculations, growth is likely to be 2.9% for 2023 and a slight weakening in 2024 and then rise to 3% in 2025. OECD points out that further growth depends on Asian economies are developing positively.

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

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

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

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

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

The requirements for safe and reliable transport are increasing. Deliveries of critical goods to protect life and health in vulnerable areas are vital. Maritime transport is and will be the key element in safeguarding



## Financial Report 31.12.2023



the safety of the population. We will contribute in our own way by financing projects for customers we know take this heavy responsibility seriously through professional operation and management.

### Going concern assumption

The financial statements are prepared assuming that the business will continue to operate in the foreseeable future, i.e. under the going concern assumption.

### Profit for the period (01.01-31.12)

The profit for the period before tax is USD 18 572 116 (USD 13 627 283) and profit after tax\* is USD 12 899 987 (USD 7 188 696).

Net interest income and related income totalled USD 26 178 856 (USD 21 605 313), and other Income (including financial derivatives and fixed income instruments) was USD 957 066 (USD 535 387).

Operating expenses before impairments and losses totalled USD 8 743 298 (USD 8 044 695). The Cost/Income ratio came in at 32.2% (36.3%).

For the whole year, loss allowance (Expected Loss) corresponding to USD 179 492 ( Expensed USD 468 723 ) were reversed. The decrease in loss allowance is mainly due to decreased lending. Credit Loss (Impairments) was USD 0 (USD 0)

(\* ) see *Deferred Taxes and payable tax below*

	2023	2022	2023	2022
	01.10 - 31.12	01.10 - 31.12	01.01 - 31.12	01.01 - 31.12
Interest Income	11 401 591	9 379 771	45 318 489	30 289 164
Interest Expense	-4 799 590	-3 456 011	-19 139 633	-8 683 851
<b>Net Interest Income</b>	<b>6 602 001</b>	<b>5 923 759</b>	<b>26 178 856</b>	<b>21 605 313</b>
Other Income	271 577	633 213	957 066	535 387
<b>Total Income</b>	<b>6 873 578</b>	<b>6 556 972</b>	<b>27 135 922</b>	<b>22 140 701</b>
Operating Expense	-2 136 505	-1 920 500	-8 743 298	-8 044 695
<b>Operating Result</b>	<b>4 737 073</b>	<b>4 636 472</b>	<b>18 392 624</b>	<b>14 096 006</b>
Loss Allowance	99 931	-398 637	179 492	-468 723
Write Off (Credit Loss)				
<b>Sum Impairment</b>	<b>99 931</b>	<b>-398 637</b>	<b>179 492</b>	<b>-468 723</b>
<b>Profit Before Tax</b>	<b>4 837 004</b>	<b>4 237 836</b>	<b>18 572 116</b>	<b>13 627 283</b>
Tax	-2 238 283	-4 091 225	-5 672 129	-6 438 587
<b>Profit After Tax</b>	<b>2 598 721</b>	<b>146 611</b>	<b>12 899 987</b>	<b>7 188 696</b>



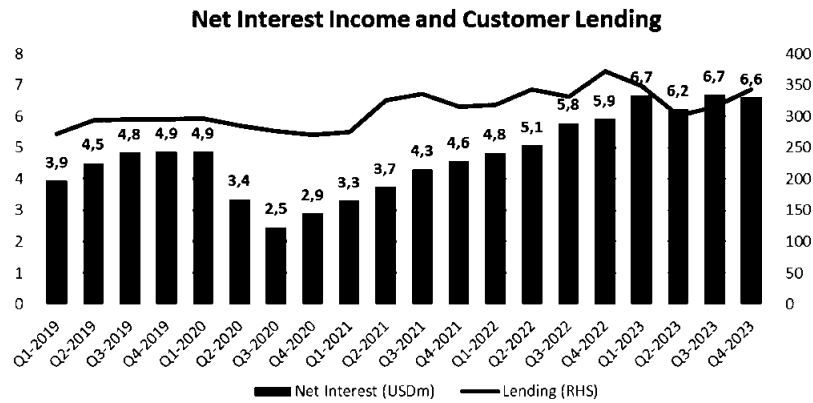
Financial Report 31.12.2023



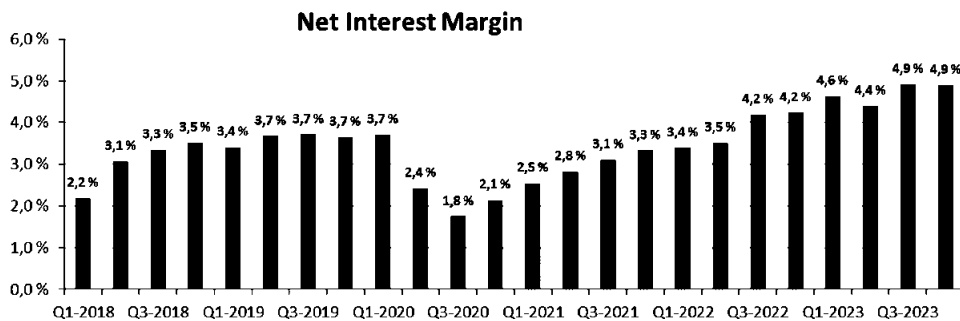
**Q4: 01.10- 31.12.2023**

**Net interest income and related income**

Net interest income and related income totalled USD 6 602 001 in Q4 (USD 5 923 759 in Q4 2022).



Net interest margin increased from 4.2% in Q4-22 to 4.9% in Q4-23. Favourable lending cost and higher money market rates improved Net Interest Margin.

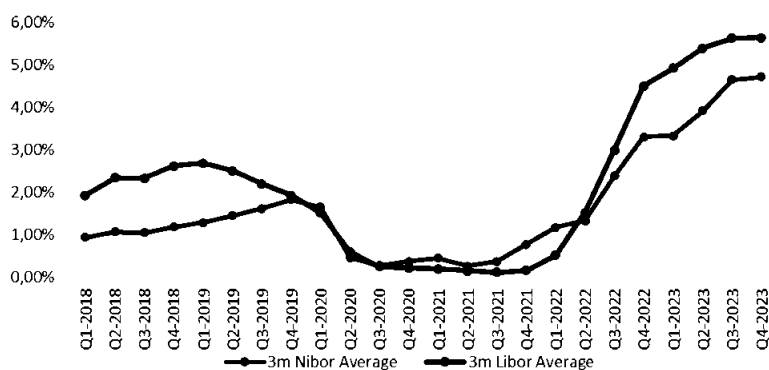


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Money market rates (daily average) in USD and NOK increased during the year due to rate hikes by the central banks. The Bank's deposit rates increased less than money market rates resulting in lower net funding cost.

USD and NOK Short Term Interest Rates



(Source: Infront, Maritime & Merchant Bank ASA)

### **Net other income**

Net other income amounted to USD 271 577 in Q4 2023 (USD 633 213 in Q4-2022 ).

Value adjustments on derivatives and hedging instruments in Q4 was USD 117 330 due to an depreciation of the USD against NOK (USD 187 038 in Q4-2022). Value adjustment YTD is USD 425 984 (USD 541 603 in 2022).

Value adjustments on interest-bearing securities was USD 80 724 in Q4-2023 (USD 282 801 in Q4-2022). Year to date adjustmens is USD 213 802 (USD -549 100 in 2022).

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 73 523 in Q4 (USD 163 374 in Q4-2022).

### **Total operating expenses before impairments and losses**

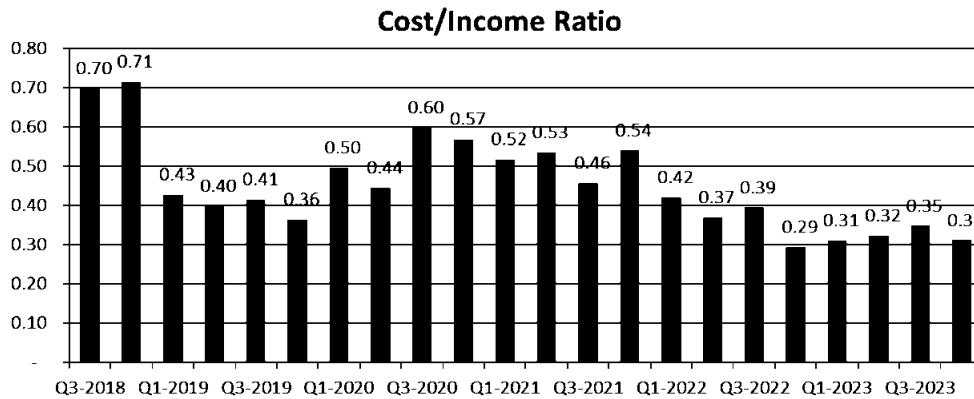
Operating expenses before impairments and losses totalled USD 2 136 505 in Q4 (USD 1 920 500 in Q4-2022).

Salaries and personnel expenses, including social costs, amounted to USD 1 502 154 (USD 1 350 233 in Q4-2022) and account for the largest proportion of the overall operating expenses.

Total depreciation and impairment of fixed and intangible assets amounted to USD 74 347 (USD 123 089 in Q4-2022). The Cost/Income ratio came in at 31.1% in Q4 (29.3% in Q4-2022).

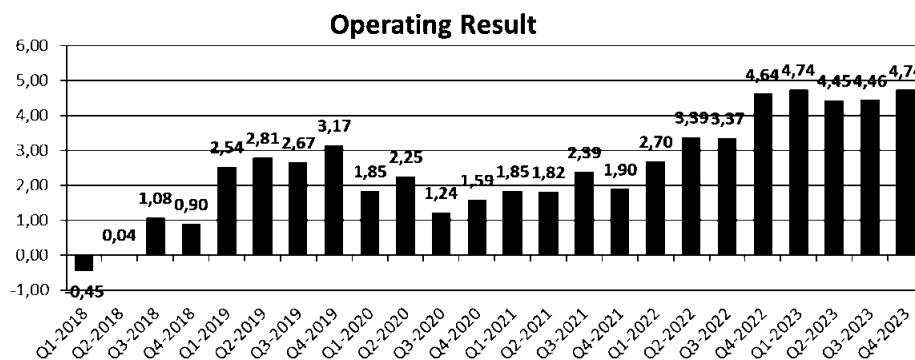


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### Operating result

Operating result in Q4 amounted to USD 4 737 073 (USD 4 636 472 in Q4-2022).



### Loan and Loan Loss provisions

Maritime & Merchant Bank ASA has lent USD 342 910 692 (USD 372 312 813 in 2022) to customers.

The Bank has made USD 1 734 527 (USD 1 914 019) in loss allowance (IFRS 9). Change in loss allowance through the year amounts to USD -179 492 (USD 468 723).

The credit quality of the majority of the loans (measured by PD – Probability of Default) to the tanker segment has been strong throughout the year, due to the improvement in rates and market values. The bulk and container markets have decreased some from previous year due to the volatility in the market, but the reduction in rates has not been fully reflected in the values. The Loss Allowances at 31.12.2023 compared to 31.12.22 is the same percentage of the outstanding portfolio, but the nominal allowance is lower due to the portfolio being somewhat lower compared to year-end 2022.

All of the commitments (100 %) are in step 1 (100% in Q4-2022). Step 2 Expected loss is due to assumed migration in the macro scenario analysis. No commitments are currently identified in step 2.



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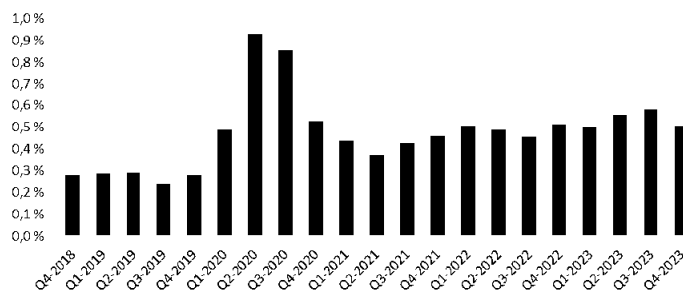


The bank has no defaulted or non-performing loans by the end of the Q4.

Loss allowance	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Step 1	1 298 277	1 345 649	618 860	659 824
Step 2	436 250*	568 370*	826 436	779 360
Step 3	0	0	0	0
Sum	1 734 527	1 914 019	1 445 296	1 428 614
Allowance Loans not disbursed				10 570
Allowance/Loans Ratio	0.51%	0.51%	0.46%	0.53 %
Impairments (Credit Loss)	0	0	0	386 435
Non performing Loans	0	0	0	0

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

Loss Allowance/Lending (in %)

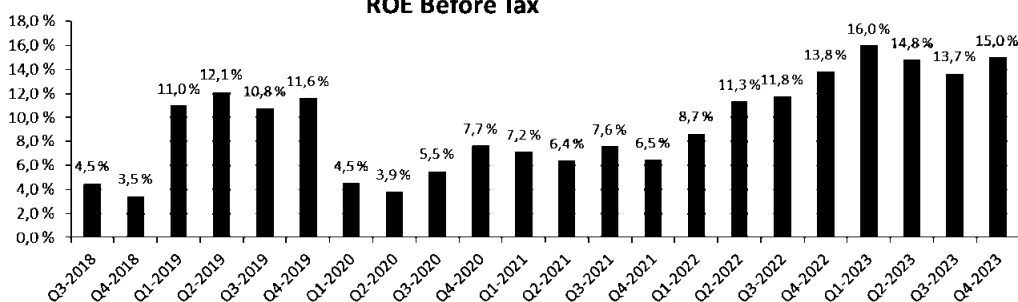


## Profit before tax

Profit before tax amounted to USD 4 837 004 in Q4 (USD 4 237 836 in Q4-2022).

Return on equity before tax was 15% (13.8% in Q4-2022).

ROE Before Tax

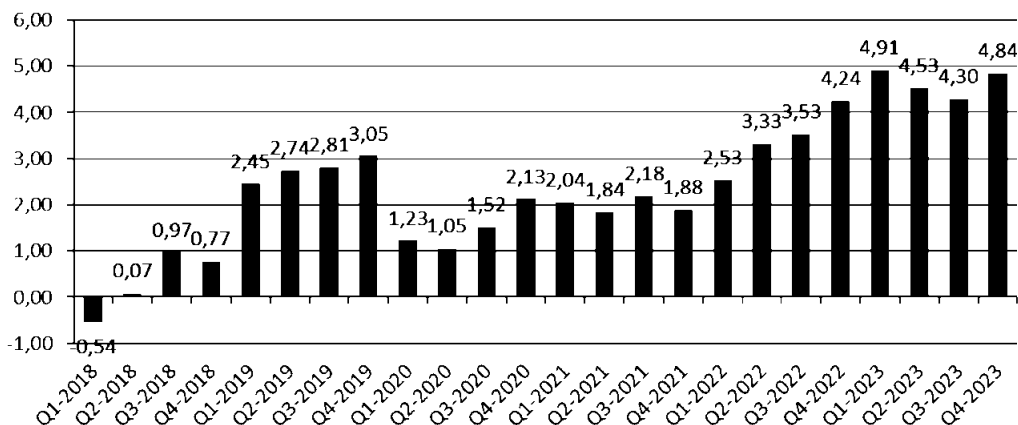




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## Profit Before Tax (USDm)



### 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 has been used in the first three quarters of 2023.

Ministry of Finance has not concluded regarding the tax rule adjustment. The Bank has on that basis incorporated full agio effect for the year 2023 in Q4 2023.

The agio effect (unintended taxable income/cost) for 2023 is positive NOK 40 712 975 (USD 4 004 463). This "phantom" income will result in an increased calculated (not payable) tax of NOK 10 178 494 or USD 1 001 116 (USD 3 031 693 in 2022).

Exchange rate (USDNOK) 31.12.2023 was 10.16715 compared to USD 9.85535 31.12.2022.

See Note 9, Tax Calculation.



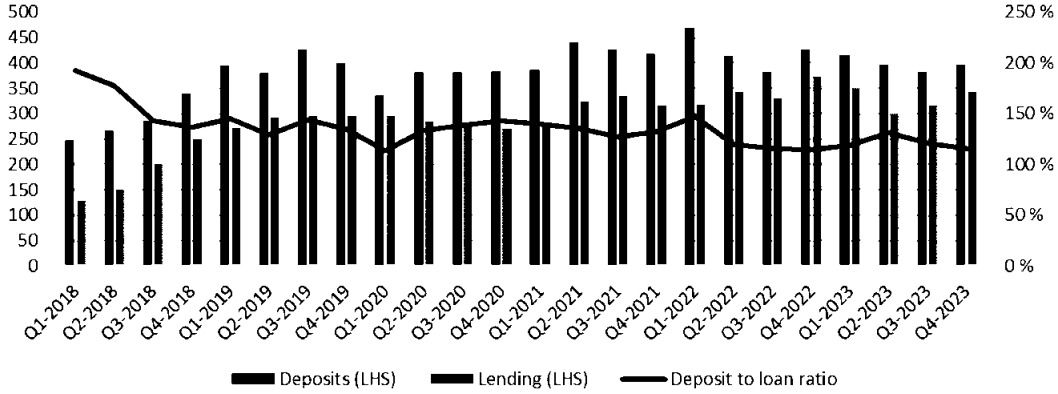
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**Deposit and Liquidity**

Customer deposits amounted to USD 397 316 100 in Q4-2023 (USD 425 583 838 in Q4-2022).

**Customer Deposits vs Customer Lending**



The deposit to loan ratio was 116% at the end of 2023 (114% in 2022).

The liquidity situation has been good throughout the quarter. Surplus liquidity of about USD 202 million was mainly invested in interest-bearing securities, deposits in major Norwegian banks and in Norges Bank. The securities investments are in bonds with good liquidity and very low risk.

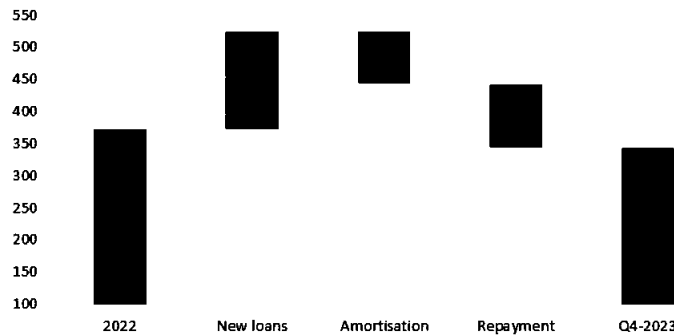
The Bank's short-term liquidity risk measured by LCR (Liquidity Coverage Ratio) was 750% (above a minimum requirement of 100%), and the long-term liquidity risk measured by NSFR (net Stable Funding Ratio) was 152% (above a minimum requirement of 100%).

**Total Assets and Lending**

Total assets ended at USD 547 114 013 in 2023 (USD 574 594 991 in 2022).

Lending to customer decreased from USD 372 312 813 in 2022 to USD 342 910 692 in 2023.

**Customer lending in 2023**





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**Solvency**

Core equity ratio (CET1) was 34.0% 31.12.2023 (33.3% 31.12.2022).

The Bank has not issued any subordinated or perpetual bonds.

The Bank paid USD 0.489 per share as dividend for 2022 (Total USD 4 000 000).

The board propose a dividend of USD 0.063 per share for 2023 (Total USD 5 159 995). Dividend for 2023 is lower per share due to the share split (1:10) done after dividend payment in 2022.

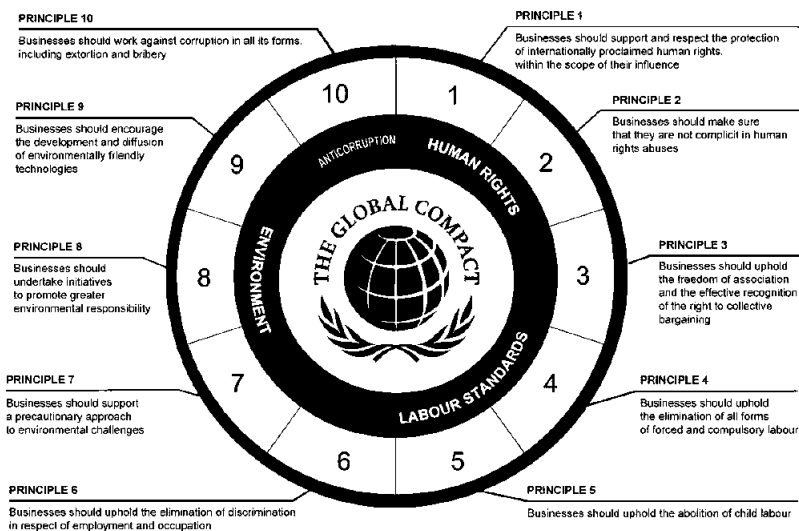
**ESG**

Environmental, Social and Governance factors (ESG) are included in the Bank’s decision making process and analysis from the first contact with our customers and throughout the customer relationship. Our focus areas within ESG are responsible lending within the shipping and offshore industry, being a reliable bank for our clients, a safe bank for our deposit customers, safeguarding our customers' privacy and preventing financial crime while at the same time taking good care of our employees.

We believe that the sustainability challenges facing the shipping and offshore industry cannot be solved by one company alone but requires joint action and collaboration between companies throughout the value chain across borders, governments, and international agencies. Therefore, we are involved in various initiatives that aim to drive the industry in the right direction.

The Bank supports the Net Zero 2050-ambition set forward by UN to cut greenhouse gas emission as close to zero as possible and keep global warming below 1.5 degrees. The Bank became a member of the UN Global Compact programme in February 2022.

As a member, the Bank has undertaken to support the 10 principles of the UNGC in our business which are:



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The Bank has selected UN's sustainability targets number 5 (Gender Equality), 8 (Decent Work and Economic Growth), 14 (Life Below Water) and 16 (Peace, Justice and Strong Institutions) as particularly important in view of our market segment, risks and opportunities to contribute to a sustainable development. These goals are guiding our efforts within the ESG area.



In July 2021, EU adopted "Fit for 55" setting out how EU intends to reduce the net greenhouse gas emission by at least 55% by 2030, compared to 1990 levels. The aim is to reduce emissions to become climate-neutral by 2050.

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 CO<sub>2</sub> each ship emits annually. The vessels have been measured throughout 2023 for a 12-month emission period based on a detailed and extensive formula. During the beginning of 2024 each vessel will be assigned a rating from A to E based on the prior year's data.

Vessels that receive 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. An EPL establishes a semi-permanent, overridable limit on a ship's maximum power, and therefore its speed. Calculations shows that band E vessels would need to reduce their voyage speed by approximately 12 percent while those in D need to decrease speed by 4%. 30% of the current worldwide tonnage is rated D or E (according to Clarksons). The trajectory to obtain the rating classes A to E is lowered each year, thereby becoming increasingly rigorous towards 2030.

As 2023 is the first full year of calculations for CII, it remains to be seen in 2024 how the assigned ratings will impact second hand values and time charter rates. We have done a theoretical calculation of the vessels financed by the Bank, and only a couple of the vessels in our portfolio will receive the rating E. We



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will ask to get these ratings reported together with the clients compliance certificate. At present time the introduction of these rules does not have any impact on our financial accounts or credit quality.

The IMO regulations for EEXI and CII do not apply to offshore supply ships. The Norwegian government's political platform states that offshore supply ships must have 'low emission solutions from 2025 and zero emissions from 2030'. It has not yet been clearly communicated by the authorities what this should be, if this only applies to new vessels, what kind of offshore vessels are included or how it can be achieved.

Making the shipping and offshore industry more sustainable is a collective challenge that requires commitment from all actors in the entire value chain in terms of de-carbonisation, responsible recycling of ships and securing labour and human rights for seafarers and other workers.

The international shipping and offshore industries are investing enormous resources to adapt operations, ships, and equipment to comply with the new regulations. This ability to adapt to new rules, which has characterized the industries for years, never ceases to impress and the Bank feels privileged to work closely with the owners and to follow this work. With the growing pressure on the shipping and offshore industry to reduce CO2 emissions, the collective innovative power and ability to implement that, will be the decisive factors in reaching ambitious goals for the benefit of all.

The uptake of alternative fuels on the global orderbook has been on an upwards trajectory over the recent years. Alternative fuel is being tested out like LNG, batteries, methanol, green ammonia and hydrogen. In 2023 50% of the orderbook moved to alternative fuels (according to Clarksons). Replacing the full fleet will take many years, and there is also a necessity to invest heavily in the onshore terminals to ensure that the new fuels are available at port. LNG is the most preferred alternative fuel option at the moment, and lower the CO2 emission with about 20-25%. However, it is not down to zero emissions. Hence, the solution for net zero in 2050 for the shipping and offshore industry has not been fully concluded on, and is a work in progress.

Hundreds of ships are recycled every year, a process that often entails significant environmental pollution and health risks for people. Ship recycling should always be performed according to strict standards for protecting human health, safety and the environment including ensuring that hazardous material are not dumped but disposed of responsibly. The Bank requires that vessels financed by us will follow the Hong Kong convention from 2009 and the Environmentally Sound recycling of ships legislation given by the EU for the safe and environmentally friendly recycling of ships. In most cases the vessels we finance are repaid in full before they reach the age of recycling.

The Bank ensures that the vessels financed are docked in accordance with the ships' docking schedules and remain in a good shape for further trading. This is regulated in the loan agreement, and we require that the vessel inspection report meet our criteria before financing a vessel. The Bank has increasingly set focus on our clients having sufficient funds to dock the vessels in line with the docking schedule and require in most cases financial covenants for funds to be built up on the minimum cash account to fully serve the next scheduled drydocking.

Ballast water is essential for safe and efficient shipping operations, however, loading and unloading untreated ballast water poses serious ecological, economic and health risks as ships become a vector for the transfer of organisms between ecosystems. The spread of invasive species is recognized as one of the greatest threats to the ecological well being of the planet, and the damage to the environment is often irreversible.



## Financial Report 31.12.2023



There are many different other IMO regulations than previously mentioned that put restrictions on emission, pollution and treatment of ballast water, with various time aspects for implementation. The Bank screens the standard of all vessels financed in regarding to pollution and safety of the seas, and make sure funds are set aside to meet the requirements. Being compliant with the applicable IMO regulations is regulated in our loan agreements with the clients. If there is a non-compliance this will be a breach of the loan agreement, which, if not rectified, will lead to an event of default.

The taxonomy for sustainable economic activity is a classification system with the aim to channel capital to profitable sustainable activities and projects. The new law came into force in Norway from 2023 and includes CSDR reporting requirements. The reporting obligation applies to listed companies as well as all banks and insurance companies, which have over 500 employees and are considered large companies according to the EU's accounting directive. The Bank has less than 500 employees and hence do not fall within the requirement to report before 2025 at the earliest.

The Bank has and shall continue to build a strong compliance culture. This ensures that the Bank adheres to applicable laws, rules and regulations in the market and countries we operate in. As regulatory requirements continue to evolve, we will also continue to invest in developing our risk management framework and capabilities to ensure that any new requirements remain firmly embedded in our daily activities.

The main target in relation to corporate governance is matters related to ownership of clients, Anti Money Laundering, KYC (Know Your Customer) information and CFT (Combating the Financing of Terrorism). The Bank has developed an extensive template/questionnaire, which is sent to each potential corporate customer prior to opening of a business relationship.

The Board is the ultimate responsible for the ESG area in the Bank. The Bank faces credit, regulatory and reputational risk in the ESG area. The Bank has its own ESG guidelines which are updated by the management and approved by the Board on a yearly basis. By requiring information and asking the right questions we believe that we also raise the customer's awareness towards the different ESG risk area. The Bank's credit memo has sections on ESG and KYC for each client, and new credit memos and clients are always reviewed by the Board or the Board's credit committee (holds 4 Board members) depending on size of the credit. ESG is also a part of our credit scoring models, and we will continue to develop these models in line with the new regulations and requirements within the shipping industry. Changes in the credit scoring models are approved by the Board. ESG is a part of the weekly management meetings and the change and challenges facing the industry is high on the agenda. No financial KPIs are in place for this area as of yet, but will most likely be introduced together with the taxonomy reporting.

The Transparency Act (Åpenhetsloven) came into force in Norway on 1 July 2022. The act was put in place to promote enterprises' respect for fundamental human rights and decent working conditions with the production of goods and services. The Bank has carried out a due diligence in accordance with this act, and the findings are published on the Bank's homepage.

### Social

The Bank continuously work to ensure that women and men have equal opportunities, and that no individual shall experience any form of discrimination based on gender, colour, religion, age, sexual orientation, marital status, ethnicity, disabilities, political opinion, or any other personal preference. The Bank promotes equality, which is reflected in the business' processes for recruitment and staff/management development. We want to be an equal opportunities workplace, and as of December



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31<sup>st</sup>, 2023, 34.7% of the employees are female, and of the management group 20% are female. Our board consist of 7 members of which 43% are female.

The Bank has its office in Oslo, Norway and hence do not come across any major human rights issues in our daily activities. However, in our choice of customers, suppliers and products, the bank will work to encourage support and compliance with internationally recognised human rights.

Sickness absence in 2023 was 3.68% in the Bank. No serious occupational accident or incidents resulting in significant material damage or personal injury have occurred or been reported during the year.

## Risk factors

### Credit risk

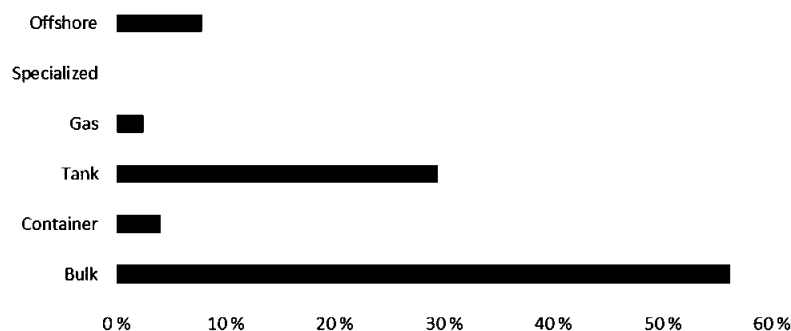
The average weighted quality of the portfolio is moderate risk, and the portfolio has a strong concentration around the mid-point. The risk in the bulker segment has gone up during the year due to the volatile bulk market and some movement in the vessel values.

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 (56.2%), tankers (29.4%), container vessels (4.1%), LPG (gas) (2.5%), Offshore (7.8%) and specialized (0%).

### The loan portfolio





## Financial Report 31.12.2023



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.

### 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.

	31.12.2023	31.12.2022	31.12.2021	31.12.2020
LCR	750%	450%	564%	353%
Deposit Ratio (1)	71%	74%	77%	78%

(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. Routines have been established for ongoing monitoring and reporting of the interest rate risk to the Board of Directors.

### Market risk

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

### 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.

### 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



## Financial Report 31.12.2023



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.

### ESG

Maritime & Merchant Bank ASA has established ESG guidelines, and follow this area closely as especially environmental requirement are introduced from several different international and national bodies e.g. IMO and EU. The biggest risk for the bank is introduction of new rules and regulations which potentially can make our secured vessels harder to sell or charter. The bank has made a project plan to be ready to report on CSRD when this comes into force for the bank in 2025 at the earliest.

### Ratios

<u>Ratios</u>	<u>2023</u>	<u>2022</u>
Cost/Income Ratio	32.2%	36.3%
Return on Equity before tax	15.1%	11.6%
Net Income Margin	5.0%	4.0%
Net Interest Margin	4.8%	3.9%
Deposit to loan Ratio	115%	114%
LCR	750%	450%
NPL Ratio	0%	0%
Equity Ratio (CET1)	34.0%	33.3%

Ratio formulas, se Appendix 1

### Outlook

Over 7 years of operation, the bank has built up a significant competence platform for ship financing and we feel we are well equipped for further expansion. We are optimistic about the possibilities for further profitable growth.

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Oslo, February 13<sup>th</sup>, 2024

Board of Directors, Maritime & Merchant Bank ASA



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## Statement of Profit & Loss

	Note	2023		2022	
		01.10 - 31.12	01.10 - 31.12	01.01 - 31.12	01.01 - 31.12
<i>- In USD</i>					
<b>Interest income and related income</b>					
Interest income from customers (effective Interest method)		9 054 538	7 636 195	36 560 104	26 240 049
Interest from certificates and bonds		1 587 792	976 294	5 359 104	2 588 594
Interest from credit institutions (effective interest method)		759 261	767 282	3 399 282	1 460 521
<b>Total interest income and related income</b>		<b>11 401 591</b>	<b>9 379 771</b>	<b>45 318 489</b>	<b>30 289 164</b>
<b>Interest expenses</b>					
Interest and similar expenses of debt to credit institutions		0	0	0	0
Interest and related expenses of debt to customers		-4 110 453	-2 818 229	-14 905 710	-7 405 406
Net interest expenses from financial derivatives		-615 871	-584 664	-3 939 409	-1 073 021
Other fees and commissions		-73 267	-53 119	-294 515	-205 424
<b>Net interest expenses and related expenses</b>		<b>-4 799 590</b>	<b>-3 456 011</b>	<b>-19 139 633</b>	<b>-8 683 851</b>
<b>Net interest income and related income</b>		<b>6 602 001</b>	<b>5 923 759</b>	<b>26 178 856</b>	<b>21 605 313</b>
Commissions, other fees and income from banking		94 475	196 008	408 489	681 786
Commissions, other fees and expenses from banking		-20 952	-32 633	-91 209	-138 902
Net value adjustments on foreign exchange and financial		117 330	187 038	425 984	541 603
Net value adjustments on interest-bearing securities		80 724	282 801	213 802	-549 100
<b>Total income</b>		<b>6 873 578</b>	<b>6 556 972</b>	<b>27 135 922</b>	<b>22 140 701</b>
<b>Salaries, administration and other operating expenses</b>					
Salaries and personnel expenses		-1 502 154	-1 350 233	-6 030 990	-5 611 292
Administrative and other operating expenses		-560 003	-447 178	-2 357 290	-1 858 370
<b>Net salaries, administration and other operating expenses</b>		<b>-2 062 157</b>	<b>-1 797 411</b>	<b>-8 388 280</b>	<b>-7 469 662</b>
Total depreciation and impairment of fixed and intangible a	14	-74 347	-123 089	-355 019	-575 033
<b>Total operating expenses</b>		<b>-2 136 505</b>	<b>-1 920 500</b>	<b>-8 743 298</b>	<b>-8 044 695</b>
<b>Operating result</b>		<b>4 737 074</b>	<b>4 636 472</b>	<b>18 392 624</b>	<b>14 096 006</b>
Loan loss provisions (IFRS - 9)	7	99 931	-398 637	179 492	-468 723
Impairments (Credit Loss)		0	0		
<b>Profit (+) / Loss (-) for the period before tax</b>		<b>4 837 005</b>	<b>4 237 836</b>	<b>18 572 116</b>	<b>13 627 283</b>
Incomel Tax	9	-2 238 283	-4 091 225	-5 672 129	-6 438 587
<b>Result for the period after tax</b>		<b>2 598 721</b>	<b>146 612</b>	<b>12 899 987</b>	<b>7 188 697</b>
<b>Comprehensive result for the period</b>		<b>2 598 721</b>	<b>146 612</b>	<b>12 899 987</b>	<b>7 188 697</b>

- Q4 numbers (2022 and 2023) are not audited.



## Financial Report 31.12.2023



## Balance Sheet

<u>Assets</u>		2023	2022
<i>- In USD</i>		31.12.2023	31.12.2022
	Note		
Cash and balances at Central Bank		6 545 566	6 554 349
Lending to and receivables from credit institutions		59 414 387	63 206 540
Lending to customers	7	342 910 692	372 312 813
Loss provisions on loans to customers	7	-1 734 527	-1 914 019
Net lending to customers		341 176 165	370 398 794
Certificates, bonds and other receivables			
Commercial papers and bonds valued at market value	7	135 607 625	131 190 110
Commercial papers and bonds valued at amortised cost		0	0
Certificates, bonds and other receivables		135 607 625	131 190 110
Shares		242 726	191 844
Intangible assets			
Deferred tax assets		0	0
Other intangible assets	14	61 479	48 823
Total intangible assets		61 479	48 823
Fixed assets			
Fixed assets	14	1 349 772	1 660 196
Total fixed assets		1 349 772	1 660 196
Other assets			
Financial derivatives	16	2 387 368	913 996
Other assets		71 565	97 282
Total other assets		2 458 933	1 011 277
Expenses paid in advance			
Prepaid, not accrued expenses		257 359	333 056
Total prepaid expenses		257 359	333 056
<b>TOTAL ASSETS</b>		<b>547 114 013</b>	<b>574 594 991</b>
<u>Liabilities and shareholders equity</u>			
<i>- In USD</i>		31.12.2023	31.12.2022
<b>Liabilities</b>			
Loans and deposits from credit institutions		0	0
Deposits from and liabilities to customers		397 316 100	425 583 838
Total loans and deposits		397 316 100	425 583 838
Other liabilities			
Financial derivatives	16	8 120 584	15 053 429
Other liabilities	17	9 403 332	10 606 751
Total other liabilities		17 523 916	25 660 180
Accrued expenses and received unearned income			
Accrued expenses and received unearned income	17	691 422	693 109
Total accrued expenses and received unearned income		691 422	693 109
Total Liabilities		415 531 438	451 937 127
<b>Shareholders equity</b>			
<b>Paid-in capital</b>			
Share capital	18	9 708 655	9 708 655
Share premium account		94 148 865	94 148 865
Total paid-in capital		103 857 520	103 857 520
Other Equity			
Retained earnings, other		-413 161	-437 885
Retained earnings		28 138 216	19 238 229
Total other equity		27 725 055	18 800 344
Total shareholder equity		131 582 575	122 657 864
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>		<b>547 114 013</b>	<b>574 594 991</b>



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## Statement of Equity

<u>- In USD</u>	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
Employee stock option				17 843	17 843
Declared dividend			-1 529 318		-1 529 318
Profit			1 901 112	0	1 901 112
Equity as per 31.03.2022	9 708 655	94 148 865	13 950 643	-481 808	117 326 354
Employee stock option				16 746	16 746
Profit			2 494 564	0	2 494 564
Equity as per 30.06.2022	9 708 655	94 148 865	16 445 207	-465 062	119 837 664
Employee stock option				14 550	14 550
Profit			2 646 411	0	2 646 411
Equity as per 30.09.2022	9 708 655	94 148 865	19 091 618	-450 512	122 498 625
Employee stock option				12 627	12 627
Profit			146 612	0	146 612
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	25 539 495	-417 486	128 979 529
Employee stock option				4 325	4 325
Profit			2 598 721	0	2 598 721
Equity as per 31.12.2023	9 708 655	94 148 865	28 138 216	-413 161	131 582 575



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## Statement of Cash Flows

<i>- In USD</i>	<u>2023</u>	<u>2022</u>
<b>Cashflow from operational activities</b>		
Profit before tax	18 572 116	13 627 283
Change in loans to customers excluding accrued interest	27 299 377	-54 791 545
Change in deposits from customers excluding accrued interest	-28 267 739	8 558 244
Change in loans and deposits from credit institutions	0	0
Change in certificates and bonds	-4 417 515	-2 279 893
Change in shares, mutual fund units and other securities	-50 882	-80 131
Change in financial derivatives	-8 406 217	10 599 000
Change in other assets and other liabilities	-1 103 693	5 901 575
Interest income and related income from customers	-36 560 104	-26 240 049
Interest received from customers	38 483 356	24 706 511
Net interest expenses and related expenses to customers	14 905 710	7 405 406
Interest paid to customers	-14 905 710	-7 405 406
Ordinary depreciation	355 019	575 032
Other non cash items	19 357	435 585
<b>Net cash flow from operating activities</b>	<b>5 923 076</b>	<b>-18 988 389</b>
Payments for acquisition of assets	-71 327	-4 398
<b>Net cash flow from investing activities</b>	<b>-71 327</b>	<b>-4 398</b>
Issuance of equity	0	0
Lease payments	-346 136	-303 660
Dividend Payments	-4 000 000	-1 529 318
<b>Net cash flow from financing activities</b>	<b>-4 346 136</b>	<b>-1 832 978</b>
<b>Effect of exchange rate changes and other</b>	<b>-5 306 549</b>	<b>-8 153 424</b>
<b>Sum cash flow</b>	<b>-3 800 937</b>	<b>-28 979 189</b>
Net change in cash and cash equivalents	-3 800 937	-28 979 189
Cash and cash equivalent as per 01.01.	69 760 889	98 740 077
Cash and cash equivalent as per 31.12.	<b>65 959 953</b>	<b>69 760 889</b>



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## Notes 31.12.2023

### Note 1, Reporting entity

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

### Note 2, Basis of accounting

These financial statements have been prepared in accordance with Regulations on annual accounts for banks, credit institutions and financing companies (The annual accounts regulations). The bank has elected to prepare the accounts in accordance with the annual accounting regulations § 1-4 2nd subsection b, which means that the accounts are prepared in accordance with IFRS unless otherwise follows from the regulations

They were authorised for issue by the Bank's Board of Directors on 13<sup>th</sup> of February 2024. Changes to significant accounting policies are described in Note 4.

### 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.

USD/NOK exchange rate 31.12.2023: 10.16715 (31.12.2022: 9.85535)

### Note 4, Changes in accounting policies

Changes in accounting rules and conceptual framework have no significant effect on the Bank's accounting practices.

### Note 5, Significant accounting policies

#### Recognition of interest

Interest income is recognised using the internal rate of return method. This involves recognising nominal interest with the addition of the amortisation of arrangement fees less direct arrangement costs. The recognition of interest by the internal rate of return method is used both for balance sheet items valued at amortised cost and for balance sheet items valued at fair value through profit or loss. Interest income on written down credit commitments is calculated as the internal rate of return on the written down value.

Fees and commissions that are not interest rate related will be displayed as Commissions, other fees and income from banking.

#### Accrual of interest and charges

Interest and commission are recognised in the income statement as it is earned as income or accrues as expense. Charges that are direct payment for services rendered are taken to income when they are paid. Arrangement fees are included in the cash flows when calculating amortised costs and recognised as income in the line item "Interest expenses and similar expenses of loans to and receivables from customers" using the internal rate of return method.

#### Lease, right to use assets

##### Office rental

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.



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## **Tangible fixed assets**

Fixed assets are classified as tangible fixed assets and valued at acquisition cost less accumulated depreciation and write-downs. Acquisition cost includes expenses related directly to the acquisition. Repairs and maintenance are expensed on an on-going basis in the income statement. Tangible fixed assets are depreciated on a straight-line basis over their expected useful life. Fixtures and fittings etc. and computer equipment are amortised over a period of 3 years. The residual values and useful lives of the assets are assessed on an annual basis and adjusted as necessary. The need for write-downs is also assessed on a regular basis.

## **Intangible assets**

Purchased software/licences are classified as intangible assets and recognised in the balance sheet at acquisition cost with the addition of the expenses required to make the software ready for use. These are amortised in line with the duration of the contracts and the expected economic life of the asset. The development of software is recorded in the balance sheet and, where the value is assessed as substantial and is expected to have lasting value, it is amortised over the course of its estimated useful life. The residual values and useful lives of the assets are assessed on an annual basis and adjusted as necessary. The need for write-downs is also assessed on a regular basis.

## **Pensions**

The Bank has a defined contribution pension scheme for its employees and the scheme is managed by a life assurance company. The Bank pays an annual contribution to the Bank pension savings scheme of the individual employee. The Bank has no further commitments beyond the payment of the annual contribution.

## **Taxes**

The year's tax cost comprises taxes payable for the financial year as well as changes in deferred tax on temporary differences. Temporary differences are the differences between the accounting and tax values of balance sheet items. Deferred tax is determined using the tax rates and tax rules applicable on the reporting date, and such assumed will be applied when the deferred tax asset is realised or when the deferred tax is settled. Deferred tax asset is recognised in the balance sheet in so far as it is probable that it can be charged to future taxable income. In tax accounting the equity is denominated in NOK, hence the taxable result will fluctuate with the USDNOK exchange rate.

## **Statement of Cash Flows**

The Statement of Cash Flows has been prepared using the indirect method.

## **Translation of transactions in foreign currencies**

The financial statements are presented in USD, which is also the functional currency of the Bank. Monetary items in foreign currencies are translated at the rate of exchange applicable on the balance sheet date. Changes in value as a consequence of changes in the rate of exchange between the transaction date and the balance sheet date are recognised in the income statement.

## **Financial instruments**

Financial assets with fixed or determinable payments that are not quoted in an active market, other than designated on initial recognition as assets at fair value through profit or loss are classified as "Loans and receivables". Financial assets with fixed or determinable payments that Maritime & Merchant Bank ASA intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss are classified as "Held-to-maturity" investments. Loans and receivables and Held-to-maturity investments are measured at amortised cost. Financial assets and liabilities are recognised in the balance sheet on the trading date, i.e. at the point in time when the Bank becomes party to the contractual provisions of the instrument. Financial assets are removed from the balance sheet when the contractual obligations have been sold, cancelled or have expired.



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## **Classification**

Contractual obligations and the business model of the Bank will be used to classify financial assets and liabilities in IFRS 9. The measurement categories are:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss
- Financial liabilities measured at amortised cost
- Financial liabilities measured at fair value through profit or loss

## **Financial assets**

The Bank's financial assets and classifications are as follows:

<b>Assets</b>	<b>Classification/Measurement</b>
Cash and deposits with central banks	Amortised cost
Cash and deposits with credit institutions	Amortised cost
Certificates and bonds (liquidity portfolio)	Fair value through profit or loss
Financial derivatives	Fair value through profit or loss
Shares and other securities	Fair value through profit or loss
Loans to customer	Amortised cost

Loans are classified using the Business model of the Bank and an assessment of the characteristics of the contractual cash flows that aims to identify whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI-test).

The liquidity portfolio represents a significant part of our operation, and fair value is monitored and managed. Certificates and bonds are on that basis classified as "Fair value through profit or loss".

<b>Liabilities</b>	<b>Classification/Measurement</b>
Deposits without fixed terms	Amortised cost
Deposit with fixed terms	Fair value through profit or loss
Debt securities issues with fixed rates	Fair value through profit or loss
Debt securities issues with floating rates	Amortised cost
Financial Derivatives	Fair value through profit or loss

## **Measurement**

All financial assets that are not recognised at fair value through profit or loss are initially recognised in the balance sheet at fair value with the addition of transaction costs. Other liabilities recognised at amortised cost are initially recognised in the balance sheet at fair value less transaction costs. Financial assets and liabilities recognised at fair value through profit or loss are recognised at the time of acquisition at fair value and transaction costs are recognised in the income statement. Financial assets and liabilities at fair value through profit or loss are measured in subsequent periods at fair value. Loans and receivables and other financial commitments are measured at amortised cost using the effective interest method.

## **Fair value measurement**

Fair value is the price that would be received by selling an asset or a liability and can be settled in a transaction between independent parties. The going concern assumption is applied in the calculation and a provision for the credit risk associated with the instrument is included in the valuation. Financial instruments are measured at the price within the bid-ask spread where a corresponding market risk can be shown to be present to a sufficient degree of probability.



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Financial assets and liabilities traded in an active market, quoted prices are used. In so far as no quoted prices for the instrument are obtainable, the instrument will be decomposed and valued on the basis of the prices of the individual components. This applies to the majority of derivatives such as forward exchange contracts and interest rate swaps, as well as to certificates and bonds.

In the case of other financial instruments such as deposits and loans by customers and credit institutions with locked-in rates, contractual cash flows are determined, discounted by the market rate including a credit risk margin at the reporting date.

### Amortised cost measurement

Financial instruments that are not measured at fair value are measured at amortised cost and income is calculated using the effective rate of interest of the instrument (internal rate of return). The internal rate of return is determined by discounting contractual cash flows within the anticipated term. The cash flow includes arrangement fees and direct transaction costs not payable by the customer, as well as any residual value at the end of the anticipated term. Amortised cost is the present value of these cash flows discounted at the internal rate of return.

### Impairment

The Bank recognises loss allowances for EL (expected loss) on the following financial instruments that are not measured at fair value through profit and loss:

- Financial assets that are debt instruments
- Loan commitments issued

No impairment loss is recognised on equity investments. The Bank measures loss allowances at an amount equal to 12-month or Life-time EL, and the assessment is performed on an individual basis.

12-month EL are the portion of EL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month EL is recognised are referred to as "Step 1 financial instruments".

Life-time EL are the EL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime EL is recognised but which are not credit-impaired are referred to as "Step 2 financial instruments" (See Note 7).

### Measurement of EL

EL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

### Restructured financial assets

Where there have been renegotiations with substantially different terms, or there has been a substantial modification of the terms of an existing loan, this transaction is accounted for as an extinguishment of the original loan and the recognition of a new loan. A gain or loss from extinguishment of the original loan is recognised in profit or loss.

### Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (referred to as "Step 3 financial assets"). A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



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Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as a default or past due event
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganisation
- The disappearance of an active market for a security because of financial difficulties

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

### Presentation of Loss allowance in the statement of financial position

Loss allowances for EL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- Loan commitments and financial guarantee contracts: generally, as a provision

### Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

## Note 6, Accounting estimates and discretionary assessments

### Application of estimates

The Bank's financial reporting will to some extent be based on estimates and discretionary assessments, which are based on historical experience and expectations about future events. The outcome will most likely differ from accounting estimates and represents a risk for future changes in the book value of financial instruments and intangible assets.

### Value measurement at fair value

Fair value is the amount an asset can be exchanged for, or an obligation can be settled in between independent parties. Fair value of financial instruments not traded in an active market, is determined by the use of valuation techniques. The Bank assesses and uses methods and assumptions that as far as possible are based on market conditions on the balance sheet date. This includes the Bank's holdings of certificates, bonds and financial derivatives.

### Impairment of financial assets

Expected credit loss (IFRS-9) must be measured reflecting an objective probability weighted outcome, determined by considering several possible scenarios, time value of money and affordable and documentable information related to past, present, and future economic conditions. The method of measuring expected credit loss depends of whether the credit risk has increased significantly since initial recognition as this will influence whether the write-downs are based on 12 months



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expected loss or expected loss over the expected remaining life.

This means that the calculations will be based on discretion, among other things, related to how one defines what constitutes a significant increase in credit risk and how one considers future-oriented information.

The model for calculating expected losses and the loan portfolio is described in note 7.



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## RISK

Note 7, 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 Pillar 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 Pillar 1.

### Capital Adequacy

Amounts in 1000 USD	31.12.2023	31.12.2022
Share capital	9 709	9 709
+ Other reserves	121 874	112 949
- Dividend	-5 160	-4 000
- Deferred tax assets and intangible assets	-61	-49
- This year's result	-	-
- Adjustments to CET1 due to prudential filters	-146	-147
<b>Common Equity Tier 1 (CET 1)</b>	<b>126 215</b>	<b>118 462</b>
<b>Calculation basis</b>		
<b>Credit Risks</b>		
+ Bank of Norway	-	-
+ Local and regional authorities	-	-
+ Institutions	13 477	12 278
+ Companies	302 069	295 641
+ Covered bonds	12 245	11 753
+ Shares	243	192
+ Other assets	1 679	2 091
<b>Total Credit risks</b>	<b>329 713</b>	<b>321 955</b>
+ Operational risk	38 674	30 777
+ Counterparty risk derivatives (CVA-risk)	2 944	3 268
<b>Total calculation basis</b>	<b>371 330</b>	<b>356 000</b>
<b>Capital Adequacy</b>		
<b>Common Equity Tier 1 %</b>	<b>33.99 %</b>	<b>33.28 %</b>
<b>Total capital %</b>	<b>33.99 %</b>	<b>33.28 %</b>

*The proposed dividend payment has been deducted*



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### IT

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

### 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



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### 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 (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.

### **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



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

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

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

### Loss Allowance and Impairments

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

### Forbearance

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

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

31.12.2023					
Stage	Number of loans	Exposure 2022	Amortization relief	Interest relief	Owner contribution
1	0	0	0	0	0
2	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

31.12.2022					
Stage	Number of loans	Exposure 2021	Amortization relief	Interest relief	Owner contribution
1	0	0	0	0	0
2	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



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

31.12.2023: 0

31.12.2022: 0

### Remaining exposure from credit impaired loans and loss exposed loans:

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

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

### Loss allowance sensitivity

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

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

### Loss allowance per credit score

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



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**31.12.2023**

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

(1) Amortisations and changes in individual assessments

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



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**31.12.2022**

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

(1) Amortisations and changes in individual assessments

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



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## Credit risk: Total

### End of year 2023

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 545 566					6 545 566
Deposits with credit institution	59 414 387					59 414 387
Certificates and bonds	135 607 626					135 607 626
Shares and other securities			242 726			242 726
Loans to customers		118 078 406	224 832 286	0	0	342 910 692
<b>Total</b>	<b>201 567 579</b>	<b>118 078 406</b>	<b>225 075 012</b>	<b>0</b>	<b>0</b>	<b>544 720 997</b>
Committed loans, not disbursed			30 700 000			

### End of year 2022

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 554 349					6 554 349
Deposits with credit institution	63 206 540					63 206 540
Certificates and bonds	131 190 110					131 190 110
Shares and other securities			191 844			191 844
Loans to customers		131 761 277	240 551 536	0	0	372 312 813
<b>Total</b>	<b>200 950 999</b>	<b>131 761 277</b>	<b>240 743 380</b>	<b>0</b>	<b>0</b>	<b>573 455 657</b>
Committed loans, not disbursed			13 800 000			

## Lending to customers by segment

Sector	2023		2022	
	USD	Share %	USD	Share %
Bulk	192 715 809	56 %	179 082 463	48 %
Container	14 059 338	4 %	34 997 404	9 %
Tank	100 815 743	29 %	144 085 059	39 %
Gas	8 572 767	3 %	14 147 887	4 %
Specialized	-	0 %	-	0 %
Offshore/Supply	26 747 034	8 %	-	0 %
<b>Sum</b>	<b>342 910 692</b>	<b>100.000 %</b>	<b>372 312 813</b>	<b>100 %</b>



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## Lending to customers by geographical location

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

## Collateral held and other credit enhancements

### Lending to customers

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

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

Valuations of collateral are updated if and when a loan is put on watch list, and the loan is monitored closely.

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

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

For credit-impaired loans the value of collateral is based on the most recent appraisals.

### LTV ratio and pledge in vessel

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



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### Bonds and certificates: Risk Weight

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

### Bonds and certificates: Rating

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

### Bonds and certificates: Sector

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

### ESG

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

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

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

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



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### **Interest Rate Risk**

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

### **Reference rates**

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

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

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

### **Currency Risk**

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

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

Calculated tax will be affected by changes in USDNOK exchange rate (see Note 9).





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### Liquidity Risk

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

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

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

### End of 2023

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



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## End of 2022

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Over 5 years	Total
Cash and claims on central banks	6 554 349					6 554 349
Loans and receivables from credit inst	63 206 540					63 206 540
Loans to and receivables from customers	2 966 250	9 490 000	23 963 850	335 892 713	0	372 312 813
Commercial papers and bonds		0	57 609 079	73 581 031	0	131 190 110
Shares, funds and other securities					191 844	191 844
Other assets	1 139 334					1 139 334
<b>Assets</b>	<b>73 866 473</b>	<b>9 490 000</b>	<b>81 572 929</b>	<b>409 473 744</b>	<b>191 844</b>	<b>574 594 991</b>
Deposits from credit institutions		0				0
Deposits from and liabilities to customers	406 710 687	998 151	3 645 411	14 229 589		425 583 838
Debt from issuance of bonds						
Subordinated loan capital						
<b>Liabilities</b>	<b>406 710 687</b>	<b>998 151</b>	<b>3 645 411</b>	<b>14 229 589</b>	<b>0</b>	<b>425 583 838</b>
Financial derivatives (net settlement)	0	0	-10 063 400	-4 076 033		-14 139 433
<b>Total</b>	<b>-332 844 214</b>	<b>8 491 849</b>	<b>67 864 118</b>	<b>391 168 122</b>	<b>191 844</b>	<b>134 871 719</b>

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

### **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.



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## INCOME AND COST

### Note 8, Remuneration

#### Management and Board of Directors - 2023

<i>- In USD</i>	Fixed Salary	Other Remuneratio	Bonus	Total Remuneration	No. Of shares	%	Number of options
<b>Management</b>							
Halvor Sveen (CEO)	503 395	2 158	61 472	567 026	21 630	0.0265%	147 070
Lars Fossen (CRO/CCO)	336 320	2 158	40 664	379 143	-	-	-
Linda Christin Hoff (CCO)	242 424	2 158	29 820	274 403	-	-	-
Tor Stenumgard (CFO)	308 023	2 158	37 953	348 135	-	-	80 000
Per Uglund (Executive Director)	258 885	1 042	32 531	292 458	-	-	-
<b>Total management</b>	<b>1 649 048</b>	<b>9 676</b>	<b>202 441</b>	<b>1 861 164</b>	<b>21 630</b>	<b>0.0265%</b>	<b>227 070</b>

<i>- In USD</i>	Proposed Fee	Other Remuneratio	Bonus	Total Remuneration	Number of shares (1), (2)	%
<b>Board of Directors</b>						
Endre Røsjø, Chair (1)	59 641	-	-	59 641	20 419 790	24.9935%
Henning Oldendorff	29 820	-	-	29 820	20 419 790	24.9935%
Magnus Roth (2)	29 820	-	-	29 820	4 388 990	5.3720%
Nikolaus Oldendorff	29 820	-	-	29 820	4 313 940	5.2802%
Ingrid Elvira Leisner	29 820	-	-	29 820	-	-
Karin Thorburn	29 820	-	-	29 820	95 000	0.1163%
Anne-Margrethe Firing	29 820	-	-	29 820	-	-
<b>Total Board of Directors</b>	<b>238 563</b>	<b>-</b>	<b>-</b>	<b>238 563</b>	<b>49 637 510</b>	<b>60.7555%</b>

(1) Owned through Centennial AS, (2) Owned through Canemaro Shipping AS

<i>- In USD</i>	Proposed Fee		Total
<b>Audit Committee</b>			
Ingrid Elvira Leisner, chair	9 542		9 542
Karin Thorburn	6 560		6 560
Anne-Margrethe Firing	6 560		6 560
<b>Risk Committee</b>			
Karin Thorburn, chair	9 542		9 542
Ingrid Elvira Leisner	6 560		6 560
Anne-Margrethe Firing	6 560		6 560
<b>Remuneration Committee</b>			
Anne-Margrethe Firing, chair	9 542		9 542
Endre Røsjø	6 560		6 560
Bjørn S. Havsgård (1)	-		-
<b>Total Audit and Risk Committee</b>	<b>61 430</b>		<b>61 430</b>

(1) Employed representative

Exchange rates 10,16715



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## Management and Board of Directors - 2022

- In USD	Fixed Salary	Other	Bonus	Total	No. Of shares	%	Number of
<b>Management</b>							
Halvor Sveen (CEO)	470 245	2 138	38 621	511 004	2 163	0.02%	147 070
Lars Fossen (CRO/CCO)	323 533	2 138	26 635	352 306	-	-	-
Linda Christin Hoff (CCO)	225 980	2 138	19 533	247 650	-	-	-
Tor Stenumgard (CFO)	296 828	2 138	24 860	323 825	-	-	80 000
Per Ugland (Executive Director)	241 184	1 033	19 976	262 194	-	-	-
<b>Total management</b>	<b>1 557 769</b>	<b>9 585</b>	<b>129 625</b>	<b>1 696 979</b>	<b>2 163</b>	<b>0.02%</b>	<b>227 070</b>

- In USD	Proposed Fee	Other Remuneratio	Bonus	Total Remuneration	Number of shares (1), (2)	%
<b>Board of Directors</b>						
Endre Røsjø, Chair (1)	58 598	-	-	58 598	2 041 979	24.99%
Henning Oldendorff	29 299	-	-	29 299	2 041 979	24.99%
Magnus Roth	29 299	-	-	29 299	438 899	5.37%
Nikolaus Oldendorff	29 299	-	-	29 299	431 394	5.28%
Ingrid Elvira Leisner	29 299	-	-	29 299	-	-
Karin Thorburn	29 299	-	-	29 299	9 500	0.12%
Anne-Margrethe Firing	29 299	-	-	29 299	-	-
<b>Total Board of Directors</b>	<b>234 390</b>	<b>-</b>	<b>-</b>	<b>234 390</b>	<b>4 963 751</b>	<b>60.76%</b>

(1) Owned through Centennial AS, (2) Owned through Canemaro Bulk AS

- In USD	Proposed Fee		Total
<b>Audit Committee</b>			
Ingrid Elvira Leisner, chair	9 376		9 376
Karin Thorburn	6 446		6 446
Anne-Margrethe Firing	6 446		6 446
<b>Risk Committee</b>			
Karin Thorburn, chair	9 376		9 376
Ingrid Elvira Leisner	6 446		6 446
Anne-Margrethe Firing	6 446		6 446
<b>Total Audit and Risk Committee</b>	<b>44 534</b>		<b>44 534</b>

Exchange rates 9,85535



## Financial Report 31.12.2023



### Number of Employees

	<u>2023</u>	<u>2022</u>
Number of employees at December 31st	27	27
Number of full-time equivalents	25.4	24.9
Average number of employees	25.8	25.5
Average number of full-time equivalents	24.2	24.3

### Remuneration

<u>- In USD</u>	<u>2023</u>	<u>2022</u>
Salaries	4 520 357	4 358 309
Employer's national insurance contribution	1 048 162	853 344
Pension expenses	316 743	295 489
Other personnel expenses	145 728	104 149
<b>Salaries and personnel expenses</b>	<b>6 030 990</b>	<b>5 611 292</b>

The employees will have the following pension/insurance arrangements covered

#### Pension Cost

Maritime & Merchant Bank ASA is required to have an occupational pension scheme pursuant to the Act concerning occupational pension schemes and has a scheme that complies with the provisions of the Act. The Bank has a defined contribution pension scheme for all employees, which is managed by life assurance company Storebrand Livsforsikring AS.

#### Employee insurance cover

- Occupational Injury and Occupational Disease Insurance: 30 G
- Group Life Insurance: 40 G
- Health Insurance: To be covered by the Bank
- Business and Leisure Travel Insurance: To be covered by the Bank
- Defined Contribution Pension: 7% annual contribution up to 7.1 G and 10% additional annual contribution for salaries between 7.1 and 12 G

#### Remuneration to auditors

The following table shows total audit and other services delivered to the Bank by the appointed auditor. Amounts do not incl. VAT.

<u>- In USD</u>	<u>2023</u>	<u>2022</u>
Audit fee	70 808	72 930
Assurance services	-	-
Tax services	6 885	-
Other non-audit services	-	-
<b>Total</b>	<b>77 693</b>	<b>72 930</b>

#### Declaration on remuneration

##### Background

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



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directors on February 13<sup>th</sup>, 2024. Regulatory requirements are covered and accounted for in a satisfactory manner.

### Setting up and carrying out the scheme

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

### The remuneration scheme

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

### Remuneration to employees in executive positions

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

### Incentive Program - Option plan

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

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

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



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## Note 9, Taxation of profit

	2023	2022
<i>- in NOK</i>		
Profit before tax, USD translated to NOK	188 789 954	134 301 647
Translation of Equity to NOK	40 712 975	119 269 270
<b>Profit before tax NOK</b>	<b>229 502 929</b>	<b>253 570 917</b>
Permanent differences	688 946	247 187
Change in temporary differences	6 947 142	5 019 109
Change in tax loss carryforward	0	0
<b>Taxable profit NOK</b>	<b>237 139 017</b>	<b>258 837 214</b>
Tax Payable, USD translated to NOK	-59 406 172	-64 709 303
Change in deferred tax assets, USD translated to NOK	0	0
Change in deferred tax, USD translated to NOK	1 736 785	1 254 777
<b>Tax expense NOK</b>	<b>-57 669 387</b>	<b>-63 454 526</b>
<b>Tax expense USD</b>	<b>-5 672 129</b>	<b>-6 438 488</b>

## ASSETS

### Note 10, Classification of financial instruments.

Amounts in USD 1000	2023		2022	
	Fair Value	Amortised Cost	Fair Value	Amortised Cost
Deposit with central bank		6 546		6 554
Deposits with credit institution		59 414		63 207
Certificates and bonds	135 608		131 190	
Shares and other securities		243		192
Loans to customers		342 911		372 313
Financial derivatives	2 387		914	
<b>Total financial assets</b>	<b>137 995</b>	<b>409 113</b>	<b>132 104</b>	<b>442 266</b>
Deposits from customers		397 316		425 584
Loans from credit institutions		0		0
Financial derivatives	8 121		15 053	
Subordinated loans				
<b>Total financial liabilities</b>	<b>8 121</b>	<b>397 316</b>	<b>15 053</b>	<b>425 584</b>



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## Note 11, 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.

### 2023

Amounts in USD 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	0	135 608	0	135 608
Shares and other securities	0	0	0	0
Financial derivatives	0	2 387	0	2 387
<b>Total financial assets</b>	<b>0</b>	<b>137 995</b>	<b>0</b>	<b>137 995</b>
Financial derivatives	0	8 121	0	8 121
<b>Total financial liabilities</b>	<b>0</b>	<b>8 121</b>	<b>0</b>	<b>8 121</b>

### 2022

Amounts in USD 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	0	131 190	0	131 190
Shares and other securities	0	0	0	0
Financial derivatives	0	914	0	914
<b>Total financial assets</b>	<b>0</b>	<b>132 104</b>	<b>0</b>	<b>132 104</b>
Financial derivatives	0	15 053	0	15 053
<b>Total financial liabilities</b>	<b>0</b>	<b>15 053</b>	<b>0</b>	<b>15 053</b>



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Note 12, Fair value of financial instruments recognized at amortised cost.

Amounts in USD 1000	2023		2022	
	Fair Value	Amortised Cost	Fair Value	Amortised Cost
<b>Deposit with central bank</b>	6 546	6 546	6 554	6 554
Deposits with credit institution	59 414	59 414	63 207	63 207
Shares and other securities	243	243	192	192
Loans to customers	342 911	342 911	372 313	372 313
<b>Total financial assets</b>	<b>409 113</b>	<b>409 113</b>	<b>442 266</b>	<b>442 266</b>
Deposits from customers	397 316	397 316	425 584	425 584
Loans from credit institutions	0	0	0	0
<b>Total financial liabilities</b>	<b>397 316</b>	<b>397 316</b>	<b>425 584</b>	<b>425 584</b>

We have divided instruments recognised at amortized cost the following items:

#### Assets

- lending to and receivables on credit institutions,
- lending to customers

#### Liabilities

- deposits from and debt to customers
- debt to credit institutions
- debt incurred by issuing securities

#### Assets

The Bank assesses that loans to the corporate market and credit institutions with floating interest rate has a correct market price at the balance sheet date.

The reason for this is that the floating interest rate is continuously assessed and adjusted in accordance with the interest rate level in the capital market and changes in the competitive situation.

Fixed rate loans and deposits with fixed rate will be subject to fair value calculation. Fair value is net present value of change in fixed rate for the remaining tenor.

#### Liabilities

For deposits to customers and debt to credit institutions fair value is estimated equal to book value since these in all mainly have floating interest rates. Based on the above assessments, there will be no difference between posted value and fair value in the table above.

Debt created by issuing securities and liable loan capital (none as of 31.12.2023) will be valued by theoretical market valuation based on the current interest rate and spread curves.

#### Note 13, Financial pledges

The Bank has pledged NOK 50 650 000 of deposits as collateral for financial derivatives.



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## Note 14, Other intangible assets and fixed assets

	31.12.2023	31.12.2023	31.12.2022	31.12.2022
	Other intangible assets	Property, plant and equipment	Other intangible assets	Property, plant and equipment
Acquisition cost at 01.01	3 855 490	2 983 100	4 309 246	1 356 789
Exchange and other adjustments	-208 647	-42 805	-453 756	1 621 913
Additions during the year	55 919	15 408	-	4 398
Disposals during the year	-	-7 952	-	-
<b>Acquisition cast at end of period</b>	<b>3 702 763</b>	<b>2 947 751</b>	<b>3 855 490</b>	<b>2 983 100</b>
Accumulated depreciation and impairment at 01.01.	-3 806 667	-1 322 905	-3 999 627	-1 031 433
Disposal	-	-	-	-
Depreciation charge this year	-41 943	-313 076	-236 186	-338 846
Exchange and other adjustments	207 327	38 000	429 146	47 375
<b>Accumulated depreciation and impairment at end of period</b>	<b>-3 641 284</b>	<b>-1 597 980</b>	<b>-3 806 668</b>	<b>-1 322 905</b>
<b>Balance sheet amount at end of period</b>	<b>61 479</b>	<b>1 349 772</b>	<b>48 822</b>	<b>1 660 196</b>
<i>Economic lifetime</i>	<i>5 years</i>	<i>3 years</i>	<i>5 years</i>	<i>3 years</i>
<i>Depreciation schedule</i>	<i>Linear</i>	<i>Linear</i>	<i>Linear</i>	<i>Linear</i>

Fixed assets	31.12.2023	31.12.2022
Right to use assets	1 352 191	1 654 073
Other	245 789	6 123
<b>Sum fixed assets</b>	<b>1 349 772</b>	<b>1 660 196</b>

## LIABILITIES

### Note 15, Deposits

#### By customer group

	31.12.2023	31.12.2022
Private	397 843 287	389 744 256
Corporates	21 472 812	35 839 582
<b>Total customer deposits</b>	<b>397 316 100</b>	<b>425 583 838</b>

#### Customers deposits by geographical location

	31.12.2023	31.12.2022
Norway	383 227 450	404 842 098
Europe	6 770 867	10 154 590
Outside Europe	7 317 783	10 587 150
<b>Sum Deposits</b>	<b>397 316 100</b>	<b>425 583 838</b>



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Note 16, Other assets and financial derivatives.

## As of 2023

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

## As of 2022

Amounts in 1000	Nominal Value	Nominal Value	Nominal Value	Positive market values	Negative Market values
	USD	EUR	NOK	USD	USD
<b>Interest Rate Derivatives</b>					
Interest rate swap	0	0	0	0	0
<b>Currency Derivatives</b>					
Cross currency basis swap					
Buy/Sell USD against NOK	225 000		2 085 885	914	14 963
Buy/Sell EUR against NOK		6 200	64 201	0	90
<b>Total Currency Derivatives</b>	<b>225 000</b>	<b>6 200</b>	<b>2 150 086</b>	<b>914</b>	<b>15 053</b>

Note 17, Other Liabilities and accrued cost

- In USD	31.12.2023	31.12.2022
Account payables	92 421	287 450
Tax withholdings	435 373	273 867
VAT payable	43 730	36 584
Tax payable	5 827 029	6 565 906
Deferred tax	1 083 734	1 294 249
Lease liability	1 411 740	1 708 536
IFRS-9 Allowance (loans not disbursed)		
Other liabilities	509 304	440 160
<b>Total other liabilities</b>	<b>9 403 332</b>	<b>10 606 751</b>
Holiday pay and other accrued salaries	644 201	655 059
Other accrued costs	47 221	38 050
<b>Total accrued costs</b>	<b>691 422</b>	<b>693 109</b>



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## Note 18, Share capital and shareholder information

The Company has 81 700 480 shares at NOK 1.

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

The Company have 49 shareholders.

The ten largest shareholders of the Company are:

No	Shareholder	Numb. of shares	%
1	Centennial AS	20 419 790	24.9935%
1	Henning Oldendorff	20 419 790	24.9935%
3	Société Générale	8 170 000	9.9999%
3	Skandinaviska Enskilda Banken AB	8 170 000	9.9999%
5	Deutsche Bank Aktiengesellschaft	6 667 000	8.1603%
6	Canomaro Shipping AS	4 388 990	5.3720%
7	Titan Venture AS	3 800 285	4.6515%
8	Ole Einar Bjørndalen	1 409 625	1.7254%
9	Rock Dove Holdings Limited	770 000	0.9425%
10	DNB Luxembourg S.A	755 000	0.9241%
	Others	6 730 000	8.2374%
	<b>Total</b>	<b>81 700 480</b>	<b>100 %</b>

## Note 29, Country by country reporting

Country	Norway
Name	Maritime & Merchant Bank ASA
Address	Haakon VII gate, 0161 Oslo, Norway
Turnover	USD 45 318 489
Number of employees	27
Result before tax	USD 18 572 116
Received public support and subsidies	USD 0

## Appendices



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## Appendix 1, Alternative Performance Measures

Formulas for calculation of Alternative Performance Measures

### **Ratio formulas**

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

$$\text{Return on equity before tax} = \frac{\text{Net profit before tax}}{(\text{Equity start of the year} + \text{New equity}) * \text{Year fraction}}$$

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

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

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

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

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

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

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



**Skattedirektoratet**

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	30.12.2017	01.02.2018
Telefon	Deres referanse	Vår referanse
90076012	Halvor Sveen	2018/32257

MARITIME & MERCHANT BANK ASA  
Postboks 1494 Vika  
0116 OSLO

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for  
Maritime & Merchant Bank ASA, org.nr. 912 277 070**

Vi viser til deres brev av 30. desember 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Maritime & Merchant Bank ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Maritime & Merchant Bank ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

Fra søknaden gjengis:

*Maritime & Merchant Bank er en nisjebank som tilbyr førsteprioritetslån til små og mellomstore rederier i Norge og internasjonalt. Selskapet har konsesjon til å drive bankvirksomhet.(...)*

*(...)Begrunnelsen for å søke å avgi årsregnskap og årsberetning på engelsk er at all kommunikasjon innad i selskapet og mot omverdenen foregår på engelsk. Bakgrunnen for dette er følgende:*

- *Hoveddelen av bankens aksjonærer er internasjonale og har engelsk som språk. All kommunikasjon og regnskapsrapportering foregår derfor på engelsk.*
- *Banken har internasjonale styremedlemmer og all informasjon i styresammenheng foregår derfor på engelsk.*
- *Banken opererer i et internasjonalt marked og har behov for at alle offisielle dokumenter, herunder årsregnskap og årsberetninger på engelsk.*
- *Banken har internasjonale samarbeidspartnere (banker og advokater etc.) som krever at denne type informasjon er på engelsk.*
- *Banken har internasjonale kunder innenfor shipping som krever at denne type informasjon er på engelsk.*

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	<a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	



### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at banken hovedsaklig er eid av utenlandske investorer, og har utenlandske styremedlemmer. Arbeidsspråket er engelsk. Banken er en nisjebank som utelukkende retter seg mot små og mellomstore rederier i Norge og utlandet. Det er vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. Videre har banken utenlandske samarbeidspartnere.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Jeanette Munkvold Skovholt

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*