

Pilar III 2025

According to Basel III and

The Capital Requirements Regulation



MARITIME & MERCHANT
BANK ASA

1	INTRODUCTION	3
2	CAPITAL REQUIREMENTS	4
2.1	COMMON EQUITY TIER 1 (CET 1)	4
2.2	LEVERAGE RATIO	5
2.3	BUFFER REQUIREMENTS	5
3	RISK ANALYSIS	6
3.1	STATUS	6
3.2	IT	7
3.3	CREDIT RISK	7
3.3.1	LOSS ALLOWANCE	9
3.3.2	CALCULATION BASIS FOR COMPANIES	16
3.3.3	CREDIT MANAGEMENT AND CONTROL	16
3.3.4	CONCENTRATION RISK STRESS TEST	17
3.4	ESG	17
3.5	INTEREST RATE RISK	17
3.6	CURRENCY RISK	19
3.7	CVA RISK	20
3.8	LIQUIDITY RISK	21
3.9	OPERATIONAL RISK	22
4	RISK MANAGEMENT IN MARITIME & MERCHANT BANK	23
4.1	CORPORATE GOVERNANCE	23
4.1.1	MANAGEMENT PRINCIPLES	23
4.1.2	RISK LIMITS - RISK APPETITE	24
4.1.3	GOVERNING POLICIES	24
4.1.4	FUNCTION POLICIES	25
4.1.5	WORK PROCESSES AND PROCEDURES	25
4.1.6	KEY CONTROLS	25
5	REMUNERATION	25
6	ATTACHMENT	27
	TEMPLATE EU KM1 - KEY METRICS TEMPLATE	27

1 INTRODUCTION

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

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

All numbers and calculations shown in the document are based on numbers per. 31.12.2025.

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

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

The Bank does not have a trading portfolio and therefore does not allocate capital requirements for market risk in relation to this.

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

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

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

2 CAPITAL REQUIREMENTS

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

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

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

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

2.1 COMMON EQUITY TIER 1 (CET 1)

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

Amounts in 1 000 USD	Calculation Basis	Risk Weight	Balance
Share capital	9 709		9 709
Other reserves	136 501		136 501
- Repayment of capital (from Share Premium)	- 5 383		- 5 383
- Deferred tax assets and intangible assets	- 83		- 83
- This year's result	-		-
- Adjustments to CET1 due to prudential filters	- 210		- 210
Common Equity Tier 1 (CET 1)	140 534		140 534
Credit Risks			
+ Bank of Norway	-	0%	7 171
+ Local and regional authorities	-	0%	21 262
+ Institutions	16 177	20%	80 885
+ Companies	370 637	84%	443 110
+ Covered bonds	17 468	10%	174 676
+ Other assets	1 349	100%	1 349
Total Credit risks	405 630		728 453
+ Operational risk	23 072		
+ Counterparty risk derivatives (CVA-risk)	3 199		
Total calculation basis	431 902		
Capital Adequacy			
Common Equity Tier 1 %	32.5%		
Total capital %	32.5%		

2.2 LEVERAGE RATIO

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

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

The leverage ratio for Maritime & Merchant Bank was 19.09 % on 31.12.2025.

2.3 BUFFER REQUIREMENTS

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

Exposure to customers by geographical location (1)	USD	Country-specific buffer	Capital requirements	
			USD	%
Norway	153 569 075	2.50 %	3 839 227	2,50 %
Germany	82 165 486	0.75 %	616 241	0.75 %
Malta	20 206 071	0.00 %	-	0.00 %
USA	19 382 455	0.00 %	-	0.00 %
Other Countries	95 314 931	2.50 %	2 382 873	2.50 %
Other Assets and shares	1 349 247	2.50 %	33 731	2.50 %
Total	371 987 265		6 872 072	1.85 %

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

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

Exposure to customers by geographical location (1)	USD	Country-specific buffer	Capital requirements	
			USD	%
Norway	153 569 075	4.50 %	6 910 608	4.50 %
EU countries (without System Risk Buffer)	82 165 486	0.00 %	-	0.00 %
Other countries	134 903 457	0.00 %	-	0.00 %
System Risk Buffer Other	33 491 579	4.50 %	1 507 121	4.50 %
Total	404 129 597		8 417 729	2.08 %

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

3 RISK ANALYSIS

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

As far as the management of credit risk is concerned, this is performed in accordance with the regulations for capital adequacy as they are described in Guidance from FSAN December 18th, 2025. The overarching guidelines for managing credit and counterparty risk are described in detail in this document. This specifies that the Bank uses the standard method. Further descriptions are provided in the underlying policies and routines for this area.

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

The key prerequisites for reducing this type of risk are good credit assessments, as well as good routines, systems and tools for granting credit and monitoring loan commitments.

A special Credit Policy has been prepared that describes this in more detail.

The Bank's Credit Policy states that debt servicing capacity is the most important criteria when considering granting credit. Thereafter, the collateral is assessed. The policy also requires that all credit customers have adequate insurance cover.

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

3.1 STATUS

The profit for 2025 after tax is USD 13.456.261 (USD 9 018 133 in 2024). The bank increased its outstanding loan portfolio with 18.5% over the year and experienced zero credit losses. The return on equity after tax is 10.14%.

Despite continued major geopolitical movements and regional unrest, shipping markets have generally developed positively throughout 2025. World trade has grown by 1.1% during the year, which has resulted in an increase in ton-miles of 1.5% (Clarksons Research). Threat situations and specific incidents in the Red Sea and the Suez area have had an influence, and continue to have, on the effective utilization of the total fleet which in turn contributes to maintained rate levels.

A surprise for the market is probably the continued strong container market, which despite rather gloomy predictions at the start of the year, was actually the segment with the largest percentage increase in freight revenues during 2025. World trade in containers increased by 3.8% throughout the year. Further development in this segment is described by most analysts as uncertain at best, primarily in light of an ever-increasing order book for newbuildings. Phasing out aging tonnage will be one of the key elements in the future, and commentators are pointing out that the liner shipping companies largely have 'their fate in their own hands'. How the final global picture will look in terms of customs barriers between the continents will also be an important part of the development of the container market going forward.

The tanker market continued at an elevated level, more or less around the revenue figures we saw in 2024, when considering the average of the different cargo and tonnage size segments. The VLCC segment accounts for the largest jump in revenue with a 39% increase (Clarksons

Research, 2015 built VLCC scrubber installed). Relatively low order book and no immediate prospect of sanctions being lifted provide continued optimism for tankers.

The dry cargo market started weak in 2025 but experienced a steady recovery during the second half of the year, and the capesize market in particular developed positively.

After a highly active year in 2024 in contracting, a significantly lower number of newbuilding contracts were concluded in 2025, approximately 25% reduction (Clarksons Research). In the secondhand sector, however, the temperature was much higher, and the tanker segment alone accounted for a 30% increase in ship turnover, which naturally contributed to maintaining prices at historically prominent levels for relevant ship types and year classes.

The work towards a future emission-free maritime sector suffered a serious setback at the IMO meeting in the autumn of 2025. At the time of writing, it is difficult to see the direction and course for further development. A shift towards a greater degree of regional regulation could be one of several possible outcomes.

The supply of credit to the maritime sector continues to be at a high level. The availability of sufficient risk-taking equity also appears to be stable for quality-oriented projects. Consequently, there continues to be intense competition between the various providers of credit.

Maritime & Merchant Bank has also adapted to changing market conditions and strives to have offers for its customers that are attractive overall. We continue to develop our knowledge-based platform in order to meet our clients with constructive proposals mirroring the prevailing market conditions and the concrete project we have on the table. The bank's relationship-based business model has found a place in a competitive market. We are very pleased with the fact that we increased our loan portfolio by 18.5% during 2025 and we are grateful that new and established customers show us great confidence in our ability to efficiently put together customized financing solutions.

3.2 IT

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

3.3 CREDIT RISK

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

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

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

The Bank uses an internally developed scorecard model for assessing the credit risk in the loan portfolio. The scorecard model predicts Probability of Default (PD), Loss Given Default (LGD)

and risk class (from 1 to 10). Default is failure to satisfy the terms of a loan obligation or failure to pay back a loan.

Significant judgements are required when assessing models and assumptions, and resulting estimates are thus uncertain in nature. The model is based on experience and criteria well known in scoring models. The model is validated on a regular basis.

Forward looking factors, like expected freight earnings and ship values, are based on one year forward estimates. Time charter rates for each specific segment and interest rates that are used in the model are those prevailing at the time of scoring.

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

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

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

Risk classes and credit score:

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

Factors in scorecard PD - model:

Quantitative factors:

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

Qualitative factors

- Corporate structure
- Ownership
- Technical management
- Commercial management

Factors in LGD model:

- Age of vessel
- Liquidity of vessel type (specialised tonnage)
- Yard/Country
- Net loan exposure above scrap value

- Enforcement cost
- Jurisdiction
- Corporate complexity
- Covenant Structure
- ESG

Expected Loss (EL)

$$EL = PD * LGD * EAD$$

$$EAD = \text{Exposure at Default (Notional + Accrued Interest - Cash Reserves)}$$

3.3.1 Loss allowance

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

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

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

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

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

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

Macro scenarios

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

The following factors are included in the macro evaluation process:

- Demand for 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 1,568.

Exposure in the scenario model is the same as at year-end (31.12.2025).

Loss Allowance and Impairments

Loss allowance	31.12.2025	31.12.2024	31.12.2023	31.12.2022
Step1	2 227 007	1 686 583	1 298 277	1 345 649
Step2	0	189 605	436 250	568 370
Step3	0	0	0	0
Sum	2 227 007	1 876 188	1 734 527	1 914 019
Allowance/Loan Ratio	0,49 %	0,49 %	0,51 %	0,51 %
Impairments (Credit Loss)				

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-25. 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 2025 no commitments have been forbearance marked.

31.12.2025

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

31.12.2024

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

Loans with reliefs given before 2023 are either repaid or individually assessed to be moderate or low risk.

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

31.12.2025: 0

31.12.2024: 0

Remaining exposure from credit impaired loans and loss exposed loans:

31.12.2025	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

31.12.2024	Gross Loans	First-Priority pledge in vessel	Cash Pledge	Other Collateral
Remaining exposure from credit impaired loans	0	0	0	0
Loss exposed loans	0	0	0	0

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%	1 152 000
Unchanged	1 334 000
Vessel value down 30%	3 785 000

Loss allowance per credit score

Risk Class	2025	2024
Very low risk	-	406
Low risk	505 637	895 1 279
Moderate risk	1 721 370	689
High risk	-	189 605
Loss exposed	-	
Sum	2 227 007	1 876 188

31.12.2025

	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 31.12.2024	1 686 583	189 605	-	1 876 188
<i>Lending to customers 31.12.2024</i>	375 760 923	5 975 548	-	381 736 471
Changes				
Transfer to Step 1	-	-	-	-
Transfer to Step 2	- 21 923	21 923	-	-
Transfer to Step 3	-	211 528	211 528	-
Reclassification	101 006	-	-	101 006
Amortization	- 305 864	-	-211 528	517 392
New commitments	662 366	-	-	662 366
Effect of Scenario Adjustment	104 840	-	-	104 840
Allowance as of 31.12.2025	2 227 007	-	-	2 227 007
<i>Lending to customers 31.12.2025</i>	451 824 312	-	-	451 824 312
<i>Loans not disbursed</i>	0			
Allowance: Loans not dispursed	-			-
Net Change in Loss allowance	540 424	-189 605	0	350 819

Reclassification: Change in expected loss calculation

31.12.2024

	Step 1	Step 2	Step 3	
	Classification by first time recognition	Significantly increase in credit risk since first time recognition	Significantly increase in credit risk since first recognition and objective proof of loss	
	Expected loss next 12 months	Expected loss over the life of instrument	Expected loss over the life of instrument	Sum
Loss allowance as of 31.12.2023	1 298 277	436 250	-	1 734 527
<i>Lending to customers 31.12.2023</i>	302 802 074	40 108 618	-	342 910 692
				-
Changes				-
Transfer to Step 1	-	-	-	-
Transfer to Step 2	- 19 045	19 045	-	-
Transfer to Step 3	-	-	-	-
Reclassification	- 120 477	99 629	-	- 20 848
Amortization	- 460 637	-	-	- 460 637
New commitments	593 684			593 684
Effect of Scenario Adjustment	394 781	- 365 319		29 462
Allowance as of 31.12.2024	1 686 583	189 605	-	1 876 188
<i>Lending to customers 31.12.2024</i>	375 760 923	5 975 548	-	381 736 470
<i>Loans not disbursed</i>	0			
Allowance: Loans not dispursed	-			-
Net Change in Loss allowance	388 306	-246 645	0	141 661

(1) Assigning migration due to macro analysis are discontinued from Q2-24. This does not affect total allowance.

Reclassification: Change in expected loss calculation

Credit risk: Total**End of year 2025**

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	7 171 191					7 171 191
Deposits with credit institution	73 373 705					73 373 705
Certificates and bonds	195 937 556					195 937 556
Shares and other securities			-0			-0
Loans to customers		150 651 431	301 172 881	0	0	451 824 312
Total	276 482 452	150 651 431	301 172 881	0	0	728 306 764

Committed loans, not disbursed	9 300 000
--------------------------------	-----------

End of year 2024

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 132 938					6 132 938
Deposits with credit institution	77 415 019					77 415 019
Certificates and bonds	125 486 849					125 486 849
Shares and other securities			264 803			264 803
Loans to customers		140 303 790	235 457 132	5 975 548	0	381 736 470
Total	209 034 806	140 303 790	235 721 936	5 975 548	0	591 036 079

Committed loans, not disbursed	27 450 000
--------------------------------	------------

Lending to customers by segment

Sector	2025		2024	
	USD	Share %	USD	Share %
Bulk	151 812 969	34 %	185 905 661	49 %
Container	66 869 998	15 %	22 140 715	6 %
Tank	174 404 184	39 %	96 579 327	25 %
Gas	5 873 716	1 %	5 344 311	1 %
Specialized	10 391 959	2 %	-	0 %
Offshore/Supply	42 471 485	9 %	71 766 456	19 %
Sum	451 824 312	100 %	381 736 470	100 %

Lending to customers by geographical location

	31.12.2025		31.12.2024	
	USD	Share	USD	Share
Norway	191 049 381	42 %	245 310 059	64 %
Europe (ex Norway)	138 488 536	31 %	61 000 360	16 %
Asia	0	0 %	9 522 441	2 %
Oceania	76 703 725	17 %	34 181 286	9 %
North America	24 112 967	5 %	0	0 %
Central America	10 180 979	2 %	18 939 346	5 %
Liberia	11 288 724	2 %	12 782 977	3 %
Total	451 824 312	100 %	381 736 470	100 %

Collateral held and other credit enhancements

Lending to customers

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

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

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

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

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

LTV ratio and pledge in vessel

LTV Bracket	2025		2024	
	Loan Amount	Pledge in vessel	Loan Amount	Pledge in vessel
< 40%	60 573 490	60 573 490	181 444 005	181 444 005
40-50%	180 314 367	180 314 367	117 755 914	117 755 914
50-55%	132 476 905	132 476 905	39 204 284	39 204 284
55-60%	70 807 620	70 807 620	43 332 268	43 332 268

>60%	7 651 929	7 651 929	
Sum	451 824 312		381 736 470

Bonds and certificates: Risk Weight

Risk Weight	2025		2024	
	Fair Value	Amortised Cost	Fair Value	Amortised Cost
0 %	21 261 644		11 686 004	
10 %	174 675 912		113 800 845	
20 %	0		0	
100 %	0		0	
Total	195 937 556		125 486 849	

Bonds and certificates: Rating

Rating	2025	2024
	Fair Value	Fair Value
AAA	180 714 053	120 997 320
AA+	15 223 503	4 489 528
AA	0	0
A	0	0
Total	195 937 556	125 486 849

Bonds and certificates: Sector

Sector	2025	2024
	Fair Value	Fair Value
Supranational		1 806 152
Local authority	11 060 283	9 879 852
Credit Institutions	184 877 273	113 800 845
Bank	-	-
Total	195 937 556	125 486 849

3.3.2 Calculation basis for companies

Net Lending to customers	USD	Deposits pledged accounts	Committed loans	Calculation basis
Companies	449 597 304	- 15 397 929	8 910 500	443 109 875

3.3.3 Credit management and control

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

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

3.3.4 Concentration risk stress test

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

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

3.4 ESG

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

Ship financing and the life cycle of a vessel includes a variety of ESG risks starting at construction, through trade during 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 has integrated ESG assessments into the risk and credit discussions and will continue to follow the developments within the ESG area closely.

3.5 INTEREST RATE RISK

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

Reference rates

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

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

<i>Notional in USD mio</i>	Up to	3 to	6 to	1 to	3 to
	3 months	6 months	12 months	3 years	5 years
Deposits with central bank	7				
Deposits with banks	73				
Certificates and bonds	196				
Loans to customers	452				
Derivatives	304				

Sum Assets	1 032
Loans from credit institutions	15
Deposits	574
Derivatives	304
Sum liabilities	892
Net	140

Table EU IRRBBA

a)	<p>Interest Rate Risk</p> <p>Aggregated interest rate risk is calculated as change in net present value for all assets or instrument exposed to interest rates when changing all relevant rates by one percent point (parallel shift in rate curves).</p>
b)	<p>Policy for managing interest rate risk</p> <p>Market risk is not a core business area for the Bank. The Bank shall not in an active way seek to take positions. Market risk should arise from funding, lending and liquidity management activities. Market risk above a certain threshold has to be reduced to low/moderate with application of appropriate hedging instruments.</p>
c)	<p>Limits and monitoring</p> <p>The risk is measured as change in Net Present Value (NPV) with 1%-point change in interest rates. The Bank has established risk limits for single currencies as well as an aggregate risk.</p> <p>Interest rate risk is measured and reported weekly</p>
f)	<p>Hedging and accounting</p> <p>Market risk above a certain threshold (limits) has to be reduced to low/moderate with application of appropriate hedging instruments.</p> <p>Hedging instruments are recognized as fair market value</p>
i)	<p>Scenario Parameters for Table EU IRRBBI</p> <ol style="list-style-type: none"> 1) Parallel up: 1% point 2) Parallel down: 1% point down 3) Steeper curve: 3 months unchanged, 1 year rate 0.5% point up 5 year 1% point up 4) Flatter curve: 3 months unchanged, 1 year rate 0.5% point down 5 year 1% point down 5) Short rates up: 1% point 6) Short rates down: 1% point
1) 2)	<p>Interest rate notification for deposits without fixed duration</p> <p>Average limit for interest rate notification: 8 weeks</p> <p>Maximum limit for interest rate notification: 8 weeks</p>

Table: EU IRRBB1

Scenarios		a	b	c	d
		Change in value of equity		Change in net interest income	
		This period (USD)	Last period (USD)	This period (USD)	Last period (USD)
1	Parallel up	-177 399	-137 760	1 398 370	1 466 071
2	Parallel down	177 399	137 760	-1 398 370	-1 466 071
3	Steeper curve	0	0		
4	Flatter curve	0	0		
5	Short rates up	-177 399	-137 760		
6	Short rates down	177 399	137 760		

3.6 CURRENCY RISK

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

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

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

Assets (2025)	NOK	EUR
Deposit with Central Bank	72 205 284	
Deposit with Banks	394 304 509	9 452 652
Bonds	1 972 856 065	
Loans	79 049 390	183 980 791
Not settled FX spot	-	
Derivatives	3 118 702 991	
Other Assets	14 421 955	
Total Assets	5 651 540 193	193 433 442
Liabilities		
Loans from credit institutions	147 483 450	
Deposits	5 429 923 351	10 822 151
Derivatives		179 760 514
Tax	25 321 417	
Other Liabilities	30 925 994	
Total Liabilities	5 633 654 212	190 582 665
Net Currency	17 885 982	2 850 777

3.8 LIQUIDITY RISK

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

The Bank's liquidity level is assessed by calculating the Liquidity Coverage Ratio (LCR) and the Net Stable Financing Ratio (NSFR). These ratios describe the short liquidity level and the level of stable funding.

The Bank calculates liquidity surplus, which appears as available funding less future liabilities within the defined time interval and required liquidity buffers.

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

End of 2025

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Over 5 years	Total
Cash and claims on central banks	7 171 191					7 171 191
Loans and receivables from credit inst	73 373 705					73 373 705
Loans to and receivables from customers	0	0	17 050 970	434 773 342	0	451 824 312
Loss provisions on loans to customers				-2 227 007		-2 227 007
Commercial papers and bonds	15 652 791	18 998 395	66 400 957	94 885 413	0	195 937 556
Shares, funds and other securities	0				-0	-0
Other Assets	351 873			1 080 468		1 432 341
Derivatives	14 281 000					14 281 000
Assets	110 830 560	18 998 395	83 451 927	528 512 215	-0	741 793 097
Deposits from credit institutions	14 647 570	0				14 647 570
Deposits from and liabilities to customers	527 136 709	18 159 599	12 872 920	15 397 929		573 567 157
Debt from issuance of bonds						0
Subordinated loan capital						0
Other Liabilities	992 213		6 121 327			7 113 540
Financial derivatives (net settlement)	254 988	0	0	0		254 988
Liabilities	543 031 479	18 159 599	18 994 246	15 397 929	0	595 583 254
Total	-432 200 919	838 796	64 457 681	513 114 286	-0	146 209 843

End of 2024

	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	6 132 938					6 132 938
Loans and receivables from credit inst	77 415 019					77 415 019
Loans to and receivables from customers	0	0	0	381 736 470	0	381 736 470
Loss provisions on loans to customers				-1 876 188		-1 876 188
Commercial papers and bonds		38 087 110	15 082 965	72 316 774	0	125 486 849
Shares, funds and other securities	-				264 803	264 803
Other Assets	340 612			1 104 026		1 444 638
Derivatives	140 741					140 741
Assets	84 029 309	38 087 110	15 082 965	453 281 082	264 803	590 745 270
Deposits from credit institutions		0				0
Deposits from and liabilities to customers	402 626 731	6 976 244	985 396	20 235 404		430 823 775
Debt from issuance of bonds						0
Subordinated loan capital						0
Other Liabilities	749 376		10 384 106			11 133 482
Financial derivatives (net settlement)	0	200 183	0	13 140 177		13 340 360
Liabilities	403 376 107	7 176 427	11 369 502	33 375 581	0	455 297 617
Total	-319 346 797	30 910 683	3 713 463	419 905 501	264 803	135 447 653

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

3.9 OPERATIONAL RISK

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

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

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

4 RISK MANAGEMENT IN MARITIME & MERCHANT BANK

The Bank's organisation

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

4.1 CORPORATE GOVERNANCE

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

Our corporate governance mainly involves:

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

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

4.1.1 Management principles

The Bank has the following hierarchy of governance documents:

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

and are part of the various procedures and procedures. In addition, there will be a set of key controls at the bank level (management level).

4.1.2 Risk limits - risk appetite

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

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

4.1.3 Governing policies

Documents that apply to the entire business and all underlying governing documents.

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

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

- Code of Conduct (Ethical Guidelines)
- ESG Guidelines
- Guidelines for Fit and Proper Assessment
- Policy - Information Security - NBS (Netcompany Banking Service) Information Security
- Policy - Information Security - NBS Cybersecurity Strategy
- Policy - Market Risk
- Policy - Operational risk
- Policy - Remuneration
- Policy - Risk
- Policy - Risk Limits
- AML - Policy and Procedures
- AML - Sanctions Policy & Procedures
- AML - Risk Assessment
- Policy - GDPR Processing personnel data

The Bank intend to adapt to NBS's Policies, Strategies and other relevant guidelines:

- NBS Policy - IT Security
- NBS Policy - IT Risk Management
- NBS Policy - Outsourcing
- NBS Policy - Backup
- NBS Policy - Password
- NBS Policy - For using public AI
- NBS Strategy - IT Cyber and Security
- NBS Strategy - DORA Digital Operational Resilience Act.

4.1.4 Function policies

The Bank has prepared the following function policies:

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

These documents must also be approved by the Board.

4.1.5 Work processes and procedures

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

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

4.1.6 Key controls

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

5 REMUNERATION

Cf. Financial Report 31.12.2025 Note 8

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 was reviewed by the remuneration committee and by the board of directors on February 11th, 2026. 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 13th, 2025.
- The Bank has reviewed the practice and results from the remuneration scheme, and prepared a report. on the review for 2025, dated January 21st, 2026, signed by the CEO. The review shows that the remuneration scheme for 2025 complies with relevant regulations.
- The scheme will be evaluated and reviewed by the Board of Directors February 11th, 2026.
- 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 2025 in the same way as last year (note 8 2024).
- The remuneration consists of a fixed salary and common fringe benefits such as pension and insurance arrangements, free mobile phone etc.
- All employees have been granted 1,50 months salary as variable remuneration for 2025.

Remuneration to employees in executive positions

- Based on submitted documentation, none of the employees considered as executive employees etc. have received salary or other benefits except fixed salary, variable salary (1.5 months 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 employees fixed salary.
- The Bank's variable remuneration scheme is within the maximum allowable rate for remuneration.

6 ATTACHMENT

Template EU KM1 - Key metrics template

(in - NOK Thousand)

EU KM1 - Key metrics template		2025-12-31
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	1 415 006 439,25
2	Tier 1 capital	1 415 006 439,25
3	Total capital	1 415 006 439,25
	Risk-weighted exposure amounts	
4	Total risk exposure amount	4 347 745 538,25
4a	Total risk exposure pre-floor	4 347 745 538,25
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	0,3255
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	0,3255
6	Tier 1 ratio (%)	0,3255
6b	Tier 1 ratio considering unfloored TREA (%)	0,3255
7	Total capital ratio (%)	0,3255
7b	Total capital ratio considering unfloored TREA (%)	0,3255
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)	
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,0420
EU 7e	of which: to be made up of CET1 capital (percentage points)	0,0236
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	0,0315
EU 7g	Total SREP own funds requirements (%)	0,1220
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	0,0250
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	
9	Institution specific countercyclical capital buffer (%)	0,0181
EU 9a	Systemic risk buffer (%)	0,0204
10	Global Systemically Important Institution buffer (%)	
EU 10a	Other Systemically Important Institution buffer (%)	
11	Combined buffer requirement (%)	0,0636
EU 11a	Overall capital requirements (%)	0,1856
12	CET1 available after meeting the total SREP own funds requirements	0,2455
	Leverage ratio	
13	Total exposure measure	7 414 055 184,29
14	Leverage ratio (%)	0,1909
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)	
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	
EU 14b	of which: to be made up of CET1 capital (percentage points)	
EU 14c	Total SREP leverage ratio requirements (%)	
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	
EU 14d	Leverage ratio buffer requirement (%)	
EU 14e	Overall leverage ratio requirement (%)	
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 901 009 962,74
EU 16a	Cash outflows - Total weighted value	850 379 470,02
EU 16b	Cash inflows - Total weighted value	735 895 419,13
16	Total net cash outflows (adjusted value)	212 594 867,51
17	Liquidity coverage ratio (%)	6,4539
	Net Stable Funding Ratio	
18	Total available stable funding	6 570 394 540,88
19	Total required stable funding	4 022 712 814,26
20	NSFR ratio (%)	1,6333