Maritime & Merchant Bank ASA

Financial Report

30.09.2021

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Financial Report 30.09.2021

The profit for the period 01.01.21 - 30.9.21 before tax was USD 6 066 875 (USD 3 804 919 for the period 01.01.20 - 30.9.20 before tax) and profit after tax for the period 01.01.21 - 30.9.2021 is USD 4 550 156 (USD 2 853 689 for the period 01.01.20 - 30.9.20 after tax). The profit for the period before tax 01.07.21 - 30.09.21 (3q) is USD 2 180 576 (USD 1 524 937 3q 2020), and after tax USD 1 635 432 (USD 1 143 703 3q 2020). The net loan book has increased with 24.3 % during the period 01.01.21 - 30.9.2021 from USD 269 mill to USD 335 mill. The last quarter has contained considerable dynamics in the loan portfolio due to a fair amount of profit hedging among through sale of tonnage due to the strong asset value development within the container and dry bulk segments over the recent months.

There has been no credit losses and the bank have no non-performing loans.

Traffic congestion in ports and terminals across the globe continues to cause serious unbalances in the seaborne trade. The massive delays in distribution of components, semi-finished products, circuit boards and semiconductors are resulting in huge order backlogs for manufacturers and finally empty shelfs for the retailers preparing for the Christmas season. It does not seem likely that there is any ''quick fix'' in sight in order to end the logistic crisis in time of writing. The prevailing situation continues to keep the container market at record-breaking levels and there is fierce competition for vacant slots, again leading to fantastic financial results for owners and operators. The central question is certainly for how long period this extraordinary situation can last? As already mentioned, the current state is a result of major disturbances in complex industrial value chains and it is therefore hard to come up with a unified and sensible reply to this question. Some observers from the industry are commenting that might will be well into 2023 before we can talk about a normalization of the logistics and operations in ports and terminals, and among the majority of the manufacturers.

The dry bulk sector has continued its very positive trend during the third quarter with substantial increases in freight rate and asset prices, a trend that started early this year and gained strong momentum during the summer and the autumn. As always in the dry sector, there will be uncertainties where we are heading going forward, however, fundamentals on the demand and supply side with around 6% of the sailing fleet on order, which is a manageable number in a historic perspective, gives support to a general positive view on the segment in the medium term perspectives.

A new basically weak quarter for the tankers owners and the long-awaited rise is long overdue. However, there is a growing optimism and various signs towards the end of the quarter could be interpreted that the market could be about to turn positively. There is maintained interest for second-hand quality tonnage which is manifested by insignificant drop in asset values, in spite of the weak freight market.

In June 2021, the IMO adopted extensive new CO_2 emission regulations applicable to existing ships. The regulations are divided into 3 different components; the Energy Efficiency Ship Index (EEXI) addressing the technical efficiency of ships, the Carbon Intensity Indicator (CII) rating scheme focusing the operational efficiency, while the Ship Energy Efficiency Management Plan (SEEMP) is concentrating on the management system. The regulations will be effective from January 2023.

EU, through European Commission presented in July for the European Parliament and European Council an extensive package of proposals for the intention of reducing 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 gradually be imposed from start of 2023.

IMO's and EU's proposed regulation are important steps towards radically reduced total emissions from the shipping industry. Maritime & Merchant Bank ASA will follow the thorough work for implementation of the respective regulations closely during the forthcoming years and, to our best ability and where need be, support our clients in the work for adapting to the new rules.

As a reflection of the active sale and purchase market, we have been kept busy with a steady inflow of enquiries and we are pleased to assist existing and new clients, domestically and abroad in materializing new projects within the main segments. We are looking forward to continue the cooperation with our customers during the forthcoming period in market that obviously will offer a lot of interesting opportunities.

The period - 01.01-30.09

Net interest income and related income totalled USD 11 372 958 (USD 10 687 646), and other Income (including financial derivatives and fixed income instruments) was USD 769 437 (USD 89 734).

Operating expenses before impairments and losses totalled USD 6 074 866 (USD 5 437 871). The Cost/Income ratio came in at 50% (50.5%).

Loss allowance (Expected Loss) increased USD 656 (increased USD 1 534 590).
Credit Loss (Write Offs) was USD 0 (USD 0).

The profit for the period before tax is USD 6 066 875 (USD 3 804 919 in 30.09.2020) and profit after tax is USD 4 550 156 (USD 2 853 689 in 30.09.2020).

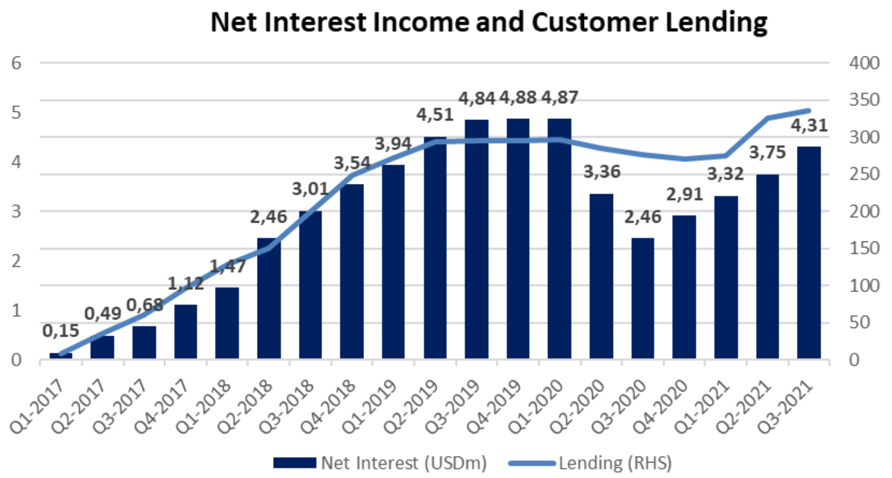
	2021 **01.07 - 30.09**	**2020** **01.07 - 30.09**	**2021** **01.01 - 30.09**	**2020** **01.01 - 30.09**	**2020** **01.01 - 31.12**
Interest Income	5 437 796	4 444 367	14 509 985	17 097 274	21 256 031
Interest Expense	-1 128 979	-1 985 541	-3 137 026	-6 409 628	-7 655 858
Net Interest Income	**4 308 817**	**2 458 826**	**11 372 958**	**10 687 646**	**13 600 173**
Other Income	84 382	609 758	769 437	89 734	865 992
Total Income	**4 393 200**	**3 068 585**	**12 142 396**	**10 777 380**	**14 466 165**
Operating Expense	-2 002 144	-1 830 520	-6 074 866	-5 437 871	-7 531 828
Operating Result	**2 391 055**	**1 238 065**	**6 067 530**	**5 339 509**	**6 934 337**
Loss Allowance	-210 479	286 872	-656	-1 534 590	-616 193
Write Off (Credit Loss)					-386 435
Sum Impairment	**-210 479**	**286 872**	**-656**	**-1 534 590**	**-1 002 628**
Profit Before Tax	**2 180 576**	**1 524 937**	**6 066 875**	**3 804 919**	**5 931 709**
Tax	-545 144	-381 234	-1 516 719	-951 230	-698 996
Profit After Tax	**1 635 432**	**1 143 703**	**4 550 156**	**2 853 689**	**5 232 713**

- *Q3 numbers (2021 and 2020) are not audited.*
- *Income tax: See page 7 "Deferred taxes and payable tax" and Note 5 "Estimated taxation of profit"*
- *Income tax will affect "Result after Tax", "Total Equity" and "Other Liabilities" (Tax)*

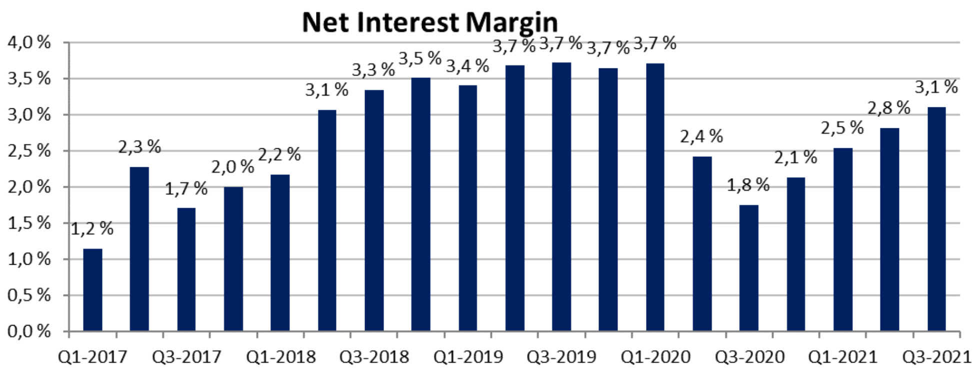
Q3: 01.07- 30.09.2021

Net interest income and related income

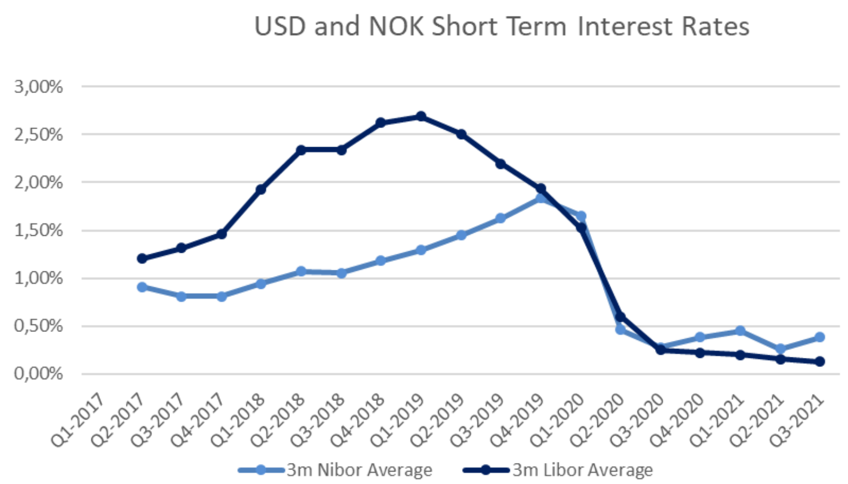
Net interest income and related income totalled USD 4 308 817 in Q3 (USD 2 458 826 in Q3 2020).



Net interest margin increased to 3.1% in Q3-2021 from 2.8% in Q2-2021 (1.8% in Q3-2020). Increased lending improved Net Interest Margin.



Money market rates (daily average) higher in NOK and slightly lower in USD.



(Source: Infront, Maritime & Merchant Bank ASA)

Net other Income

Net other income amounted to USD 84 382 in Q3 2021 (USD 609 758 in Q3-2020).

Value adjustments on derivatives and hedging instrument in Q3 was USD -97 887 due to an apreciation of the USD against NOK (USD 198 644 in Q3-2020, caused by an USD depreciation against NOK).

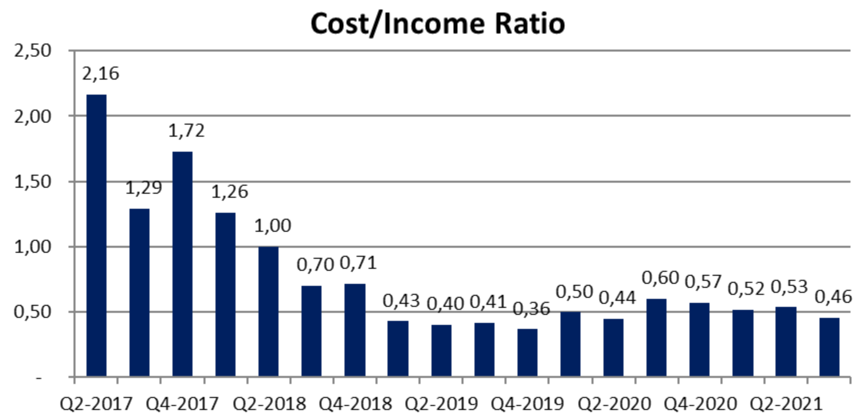
The principle of assessing financial instruments measured at fair value may lead to significant variation of the Bank's result between quarters.

Net commissions amounted to USD 152 278 in Q3 (USD 197 129 in Q3-2020).

Total operating expenses before impairments and losses

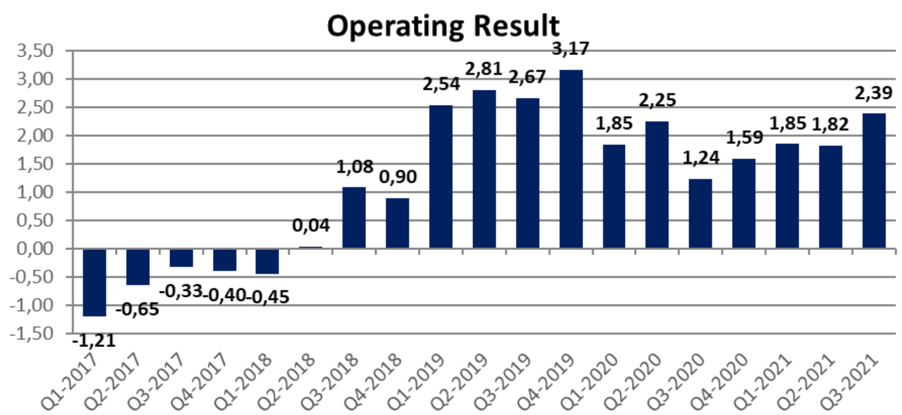
Operating expenses before impairments and losses totalled USD 2 002 144 in Q3 (USD 1 830 520 in Q3-2020). Salaries and personnel expenses, including social costs, amounted to USD 1 236 388 (USD 1 168 400 in Q3-2020) and account for the largest proportion of the overall operating expenses.

Total depreciation and impairment of fixed and intangible assets amounted to USD 322 931 (USD 288 712 in Q3-2020). The Cost/Income ratio came in at 45.6% in Q3 (59.7% in Q3-2020).



Operating result

Operating result in Q3 amounted to USD 2 391 055 (USD 1 238 065 in Q3-2020).



Loan and Loan Loss provisions

Maritime & Merchant Bank ASA has lent USD 335 436 115 (USD 275 657 263 in Q3 2020) to customers.

The Bank has made USD 1 429 270 (USD 2 357 582) in loss allowance (IFRS 9). Change in loss allowance this quarter amounts to USD 210 479 (USD -286 872).

The credit quality of the majority of the loans (measured by PD – Default probability) to the bulker and container segments returned to more normal levels for both container vessels and bulkers towards the end of Q4-2020, and has further improved during 2021. The average PDs for bulkers and containers are above the PD level measured prior to the Covid 19 crisis.

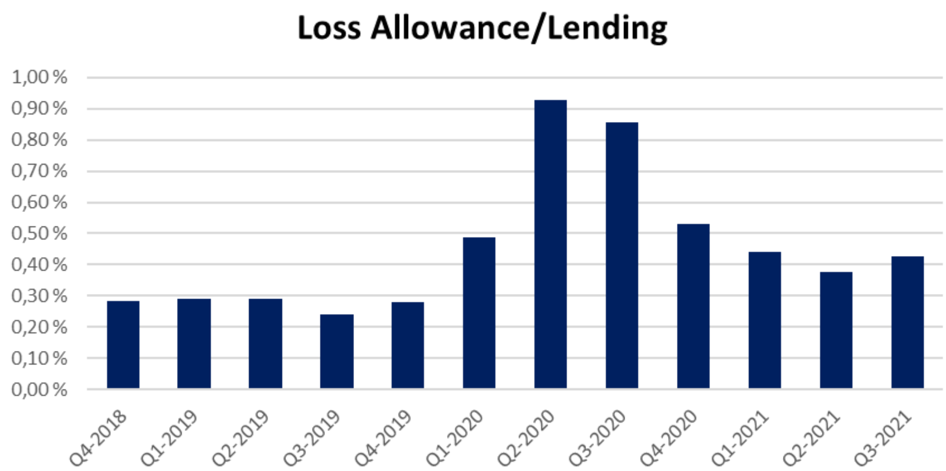
There has been some deterioration of the credit quality (measured by PD) of the tanker portfolio during Q3, but this has been more than balanced out by the improved quality of the container and bulker exposures.

As a consequence of the increase in total lending which brings the loss allowance up and the total credit portfolio migrating positively through Q3 which reduces the loss allowance, the net effect is a small increase in the Loss Allowances at the end of Q3 2021 compared to those at the end of Q2 2021.

The majority of the commitments (95.2 %) are in step 1 (79.7 % in Q3-2020, 89.5 % in Q4-2020).

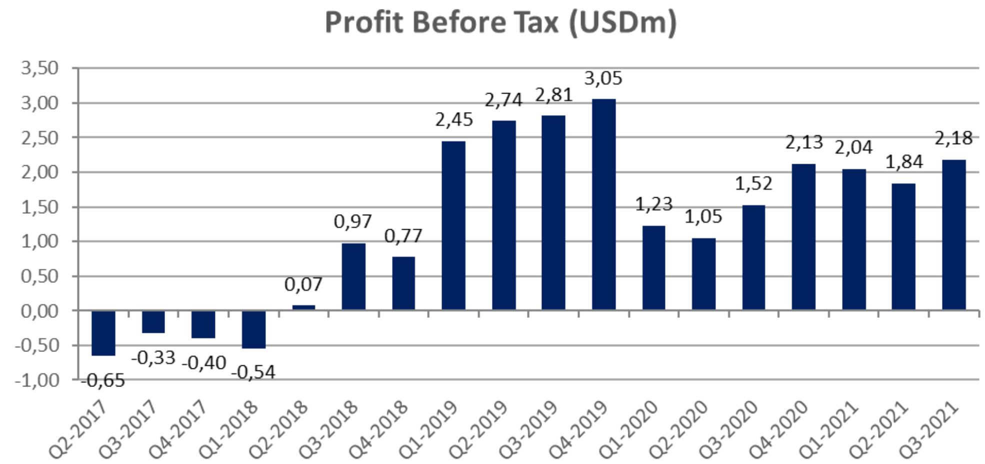
The bank has no defaulted or non-performing loans by the end of the Q3.

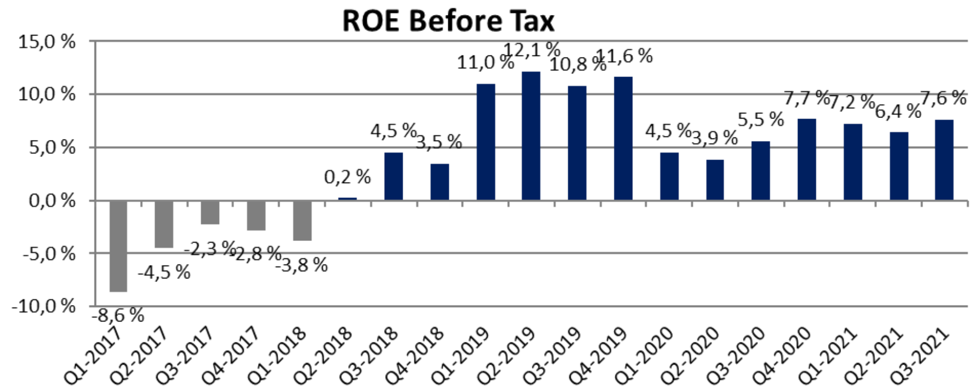
Loss allowance	**30.09.2021**	**30.09.2020**	**31.12.2020**	**31.12.2019**
Step1	600 389	698 512	659 824	822 991
Step2	828 880	874 233	779 360	0
Step3	0	784 836	0	0
Sum	1 429 270	2 357 581	1 439 184	822 991
Loss Allowance/Loan Ratio	0,43 %	0.86 %	0,53 %	0,28 %
Impairments/Credit Loss	0	0	0	0
Non performing Loans	0	2 572 259	0	0



Profit before tax

Profit before tax amounted to USD 2 180 576 in Q3 (USD 1 524 937 in Q3-2020).
Return on equity before tax was 7.6% (5.5% in Q3-2020).





Deferred Taxes and payable tax

The Bank operates with USD as functional currency.

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

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

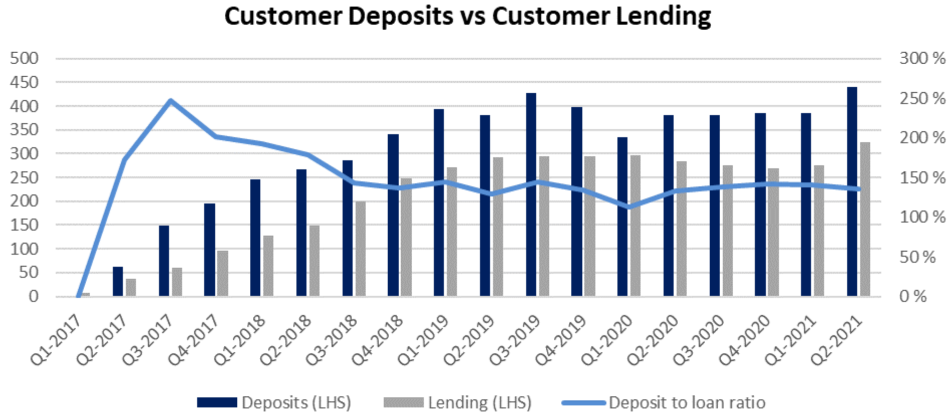
Common 25% corporate tax rate is used in the first three quarters of 2021.
If there is no decision (or a negative one) from the Ministry of Finance within the fiscal year, we will incorporate a full agio effect in Q4 2021. The agio effect (extra taxable income/cost) will be a result of the USDNOK exchange rate at year end.

The agio effect (unintended taxable income/cost) for YTD 2021 is positive NOK 25 645 715. This “phantom” income will result in an increased tax of NOK 6 411 429 (USD 730 464). Exchange rate 30.09.2021 is 8.7772.

See Note 5, Tax Calculation.

Deposit and Liquidity

Customer deposits amounted to USD 426 826 434 in Q3-2021 (USD 381 586 073 in Q3-2021).



The deposit to loan ratio was 127% at the end of Q3 2021 (138% in Q3 -2020).

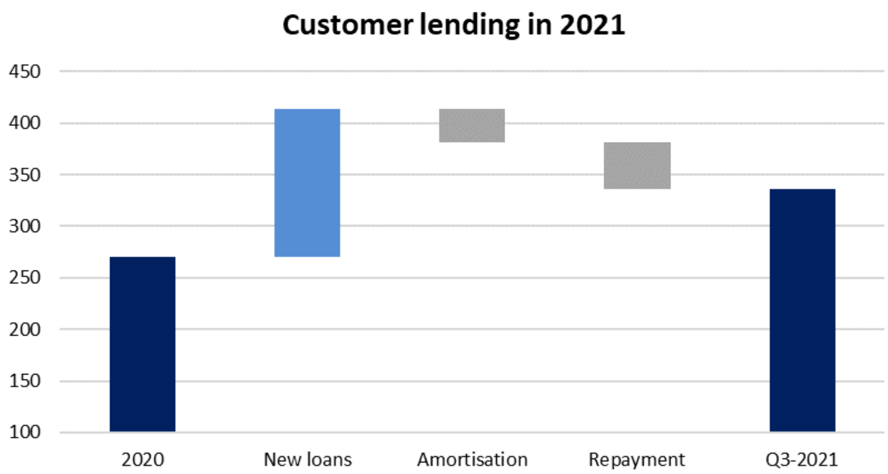
The liquidity situation has been good throughout the quarter. Surplus liquidity of about USD 216 million was mainly invested in interest-bearing securities, deposits in major banks and in Norges Bank. The securities investments are in bonds with good liquidity and very low risk.

The Bank's short-term liquidity risk measured by LCR (Liquidity Coverage Ratio) was 724% (above a minimum requirement of 100%), and the long-term liquidity risk measured by NSFR (net Stable Funding Ratio) was 168% (above a minimum requirement of 100%).

Total Assets and Lending

Total assets ended at USD 552 664 802 in Q3 2021 (USD 551 334 629 in Q3 2020).

Lending to customer increased from USD 269 994 403 in Q4 2020 to USD 335 436 115 in Q3 2021.



Solvency

Core equity ratio (CET1) was 30.27% 30.09.2021 (35.8% 30.09.2020).
The Bank has not issued any subordinated or perpetual bonds.

The Bank paid USD 1 486 680 in dividend for 2020.

Risk factors

Credit risk

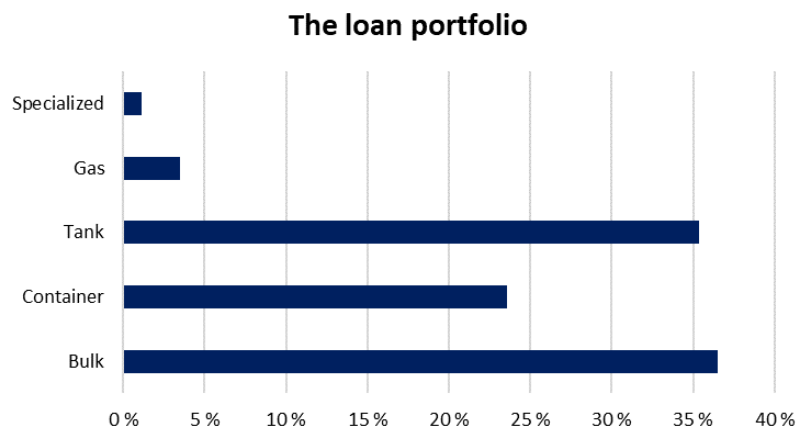
The average weighted quality of the portfolio is moderate risk. The migration we saw through 2020 into higher risk classes has been rectified during 2021.

All commitments are secured with 1st priority mortgage on vessels, and the large majority of those were secured within 50% of appraised values when granted, and in combination with an estimated moderate Default Probability, this provided for a sound credit portfolio with a limited potential for future losses, and 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 (36.5%), tankers (35%), container vessels (23.5%), LPG (gas) (4%) and specialized (1%).



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. All present loan exposures were within the Bank's credit strategy when granted.

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.

	30.09.2021	30.09.2020	31.12.2020	31.12.2019	31.12.2018
LCR	724%	375%	353%	636%	444%
Deposit Ratio *(1)*	77%	69%	78%	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.

Market risk

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

Operational risk

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

Ratios

Ratios	YTD 2021	YTD 2020	2020
Cost/Income Ratio	50%	50.5%	52%
Return on Equity before tax	7.1%	4.7%	5.5%
Net Income Margin	3.0%	2.69%	2.74%
Net Interest Margin	2.8%	2.69%	2.58%
Deposit to loan Ratio	127%	138%	142%
LCR	724%	375%	353%
NPL Ratio	0%	0.9%	0%
Equity Ratio (CET1)	30.3%	35.8%	36.1%
Loss allowance/Loan ratio	0.43%	0.86%	0,53%

Ratio formulas, se Appendix 1

Outlook

We are facing a global logistic situation which is expected to last for a considerable time going forward and contain the usual amount of uncertainties which we are used to in international shipping. As a project - oriented bank for the shipping industry, we are ready to continue to support our clients to make interesting investments in markets that undoubtedly will provide many opportunities.

Oslo November 11th, 2021

Board of Directors, Maritime & Merchant Bank ASA

Statement of Profit & Loss

- In USD	*Note*	2021 01.07 - 30.09	2020 01.07 - 30.09	2021 01.01 - 30.09	2020 01.01 - 30.09	2020 01.01 - 31.12
Interest income and related income						
Interest income from customers (effective Interest method)		5 261 377	4 265 362	13 797 935	15 330 547	19 325 904
Interest from certificates and bonds		173 908	179 105	709 538	1 507 326	1 672 510
Interest from credit institutions (effective interest method)		2 511	-100	2 511	259 400	257 617
Total interest income and related income		**5 437 796**	**4 444 367**	**14 509 985**	**17 097 274**	**21 256 031**
Interest expenses						
Interest and similar expenses of loans to credit institutions		0	-32 157	-24 447	-78 855	-103 735
Interest and related expenses of loans to customers		-1 100 021	-1 834 914	-3 163 102	-5 701 123	-6 883 187
Net interest expenses from financial derivatives		10 589	-72 732	184 893	-494 893	-484 983
Other fees and commissions		-39 547	-45 737	-134 369	-134 757	-183 953
Net interest expenses and related expenses		**-1 128 979**	**-1 985 541**	**-3 137 026**	**-6 409 628**	**-7 655 858**
Net interest income and related income		**4 308 817**	**2 458 826**	**11 372 958**	**10 687 646**	**13 600 173**
Commissions, other fees and income from banking		162 777	205 385	557 830	468 299	779 947
Commissions, other fees and expenses from banking		-10 499	-8 256	-31 006	-24 034	-32 111
Net value adjustments on foreign exchange and financial		-97 887	198 644	97 174	-326 066	61 966
Net value adjustments on interest-bearing securities		29 992	213 985	145 439	-28 466	56 190
Total income		**4 393 200**	**3 068 585**	**12 142 396**	**10 777 380**	**14 466 165**
Salaries, administration and other operating expenses						
Salaries and personnel expenses		-1 236 388	-1 168 400	-3 729 459	-3 507 866	-4 866 312
Administrative and other operating expenses		-442 826	-373 408	-1 420 943	-1 093 008	-1 539 158
Net salaries, administration and other operating expenses		**-1 679 214**	**-1 541 808**	**-5 150 402**	**-4 600 874**	**-6 405 470**
Total depreciation and impairment of fixed and intangible assets	**8**	**-322 931**	**-288 712**	**-924 464**	**-836 996**	**-1 126 358**
Total operating expenses		**-2 002 144**	**-1 830 520**	**-6 074 866**	**-5 437 871**	**-7 531 828**
Operating result		**2 391 055**	**1 238 065**	**6 067 530**	**5 339 509**	**6 934 337**
Loan loss provisions (IFRS - 9)	**4**	-210 479	286 872	-656	-1 534 590	-616 193
Impairments (Credit Loss)		0				-386 435
Profit (+) / Loss (-) for the period before tax		**2 180 576**	**1 524 937**	**6 066 875**	**3 804 920**	**5 931 710**
Income tax	**5**	-545 144	-381 234	-1 516 719	-951 230	-698 996
Result for the period after tax		**1 635 432**	**1 143 703**	**4 550 156**	**2 853 690**	**5 232 714**
Comprehensive result for the period		**1 635 432**	**1 143 703**	**4 550 156**	**2 853 690**	**5 232 714**

- *Q3 numbers (2021 and 2020) are not audited.*
- *Income tax: See page 7 “Deferred taxes and payable tax” and Note 5 “Estimated taxation of profit”*
- *Income tax will affect “Result after Tax”, “Total Equity” and “Other Liabilities” (Tax)*

Balance Sheet

Assets		2021	2020	2020
- In USD	Note	30.09.2021	30.09.2021	31.12.2020
Cash and balances at Central Bank		**7 868 701**	**6 980 409**	**7 746 507**
Lending to and receivables from credit institutions		**76 839 694**	**71 654 865**	**49 294 414**
Lending to customers	4	335 436 115	275 657 263	269 994 403
Loss provisions on loans to customers	4	-1 429 270	-2 357 582	-1 428 614
Net lending to cutomers		**334 006 846**	**273 299 681**	**268 565 789**
Certificates, bonds and other receivables				
Commercial papers and bonds valued at market value	4	131 020 415	196 062 155	212 183 694
Commercial papers and bonds valued at amortised cost		0	0	0
Certificates, bonds and other receivables		**131 020 415**	**196 062 155**	**212 183 694**
Shares		**114 386**	**79 682**	**83 759**
Intangible assets				
Deferred tax assets		0	0	0
Other intangible assets	8	527 586	1 289 096	1 209 188
Total intangible assets		**527 586**	**1 289 096**	**1 209 188**
Fixed assets				
Fixed assets	8	410 222	674 723	668 390
Total fixed assets		**410 222**	**674 723**	**668 390**
Other assets				
Financial derivatives	9	1 600 891	907 764	2 839 018
Other assets		20 287	108 998	51 736
Total other assets		**1 621 178**	**1 016 762**	**2 890 754**
Expenses paid in advance				
Prepaid, not accrued expenses		255 774	277 256	220 446
Total prepaid expenses		**255 774**	**277 256**	**220 446**
TOTAL ASSETS		**552 664 802**	**551 334 629**	**542 862 941**

Liabilities and shareholders equity				
- In USD		30.09.2021	30.09.2020	31.12.2020
Liabilities				
Loans and deposits from credit institutions		0	31 671 149	35 199 014
Deposits from and liabilities to customers		426 826 434	381 586 073	384 727 502
Total loans and deposits		**426 826 434**	**413 257 222**	**419 926 516**
Other liabilities				
Financial derivatives	9	5 471 350	22 265 237	5 026 074
Other liabilities	10	2 817 393	4 002 565	3 612 853
Total other liabilities		**8 288 743**	**26 267 802**	**8 638 926**
Accrued expenses and received unearned income				
Accrued expenses and received unearned income	10	878 110	710 358	735 195
Total accrued expenses and received unearned income		**878 110**	**710 358**	**735 195**
Total Liabilities		**435 993 288**	**440 235 382**	**429 300 638**
Shareholders equity				
Paid-in capital				
Share capital	11	9 708 655	9 708 655	9 708 655
Share premium account		94 148 865	94 148 865	94 148 864
Total paid-in capital		**103 857 520**	**103 857 520**	**103 857 519**
Other Equity				
Retained earnings, other		-221 657	-351 425	-267 393
Retained earnings		13 035 652	7 593 152	9 972 177
Total other equity		**12 813 995**	**7 241 727**	**9 704 784**
Total shareholder equity		**116 671 515**	**111 099 247**	**113 562 303**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**552 664 802**	**551 334 629**	**542 862 941**

Statement of Equity

- In USD

	Share capital	Share premium	Retained earnings	Other free equity	Total equity
Equity as per 31.12.2017	5 590 977	55 123 649	-3 000 306	0	57 714 320
Loss allowance in accordance with IFRS 9				-407 282	-407 282
Share issue	3 039 662	28 172 937		-172 771	31 039 828
Employee stock option				23 683	23 683
Profit	0	0	-336 915		-336 915
Equity as per 31.12.2018	8 630 639	83 296 586	-3 337 221	-556 370	88 033 634
Share issue	1 078 016	10 852 279		-164 303	11 765 992
Employee stock option				282 013	282 013
Profit			8 076 683		8 076 683
Equity as per 31.12.2019	9 708 655	94 148 865	4 739 462	-438 660	108 158 322
Employee stock option				171 267	171 267
Profit			5 232 715		5 232 715
Equity as per 31.12.2020	9 708 655	94 148 865	9 972 177	-267 393	113 562 304
Employee stock option				11 159	11 159
Profit			1 532 344	0	1 532 344
Equity as per 31.03.2021	9 708 655	94 148 865	11 504 520	-256 234	115 105 806
Employee stock option				22 839	22 839
Dividend payment			-1 486 680		-1 486 680
Profit			1 382 380	0	1 382 380
Equity as per 30.06.2021	9 708 655	94 148 865	11 400 221	-233 395	115 024 346
Employee stock option				11 737	11 737,0
Profit			1 635 432	0	1 635 432,3
Equity as per 30.09.2021	9 708 655	94 148 865	13 035 653	-221 658	116 671 515

Statement of Cash Flows

- In USD	30.09.2021	30.09.2020	31.12.2020
Cashflow from operational activities			
Profit before tax	6 066 875	5 931 710	5 931 710
Change in loans to customers excluding accrued interest	-65 111 987	24 857 163	24 857 163
Change in deposits from customers excluding accrued interest	39 059 622	-13 511 348	-13 511 348
Change in loans and deposits from credit institutions	-35 199 014	35 199 014	35 199 014
Change in certificates and bonds	81 163 278	-60 849 008	-60 849 008
Change in shares, mutual fund units and other securities	-30 626	-38 489	-38 489
Change in financial derivatives	1 683 403	-5 811 256	-5 811 256
Change in other assets and other liabilities	-656 424	-672 218	-672 218
Interest income and related income from customers	-13 797 935	-19 325 904	-19 325 904
Interest received from customers	13 468 865	20 204 470	20 204 470
Net interest expenses and related expenses to customers	3 163 102	6 883 187	6 883 187
Interest paid to customers	-123 792	-6 883 187	-6 883 187
Ordinary depreciation	924 464	1 123 637	1 123 637
Other non cash items	-123 469	-281 515	-281 515
Net cash flow from operating activities	**30 486 361**	**-13 173 743**	**-13 173 743**
Payments for acquisition of assets	0	-26 811	-26 811
Net cash flow from investing activities	**0**	**-26 811**	**-26 811**
Issuance of equity	0	0	0
Lease payments	-247 228	-324 108	-324 108
Dividend Payments	-1 486 680	0	0
Net cash flow from financing activities	**-1 733 908**	**-324 108**	**-324 108**
Effect of exchange rate changes and other	**-1 084 980**	**80 505**	**80 505**
Sum cash flow	**27 667 473**	**-13 444 158**	**-13 444 158**
Net change in cash and cash equivalents	27 667 473	-13 444 158	-13 444 158
Cash and cash equivalent as per 01.01.	57 040 922	70 485 080	70 485 080
Cash and cash equivalent as per 30.09.	**84 708 395**	**57 040 922**	**57 040 922**

Notes 30.09.2021.

Note 1, Reporting entity

Maritime & Merchant Bank ASA is a company domiciled in Norway. The Bank's registered office is at Haakon VIIs gate 1, 0161 Oslo. The Bank is primarily involved in corporate banking.

Note 2, General accounting principles

The interim report for the first three quarters of 2021 is prepared according to IAS 34 Interim Financial Reporting and IFRS as adopted by EU. The interim report for the first three quarters of 2021 is prepared using the same accounting principles and calculation methods as described in the Annual Report 2020.

Note 3, Functional and presentation currency

These consolidated financial statements are presented in USD, which is the Bank's functional currency. The Bank's taxation currency is NOK.
USDNOK exchange rate 30.09.2021: 8.7772 (31.12.2020: 8,5451)

RISK

Note 4, Risk

Risk Management and Capital Adequacy

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

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

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

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

Capital Adequacy

Amounts in 1000 USD	**30.09.2021**	**30.09.2020**	**31.12.2020**
Share capital	9 709	9 709	9 709
+ Other reserves	106 963	101 391	102 354
- Dividend			
- Deferred tax assets and intangible assets	-528	-1 289	-1 209
- This year's result	-4 550	-2 854	-
- Adjustments to CET1 due to prudential filters	-138	-196	-220
Common Equity Tier 1 (CET 1)	**111 456**	**106 760**	**110 633**
Calculation basis			
Credit Risks			
+ Bank of Norway	-	-	-
+ Local and regional authorities	-	-	-
+ Institutions	15 224	12 165	10 347
+ Companies	310 535	246 342	246 245
+ Covered bonds	11 577	18 209	19 148
+ Shares	114	80	84
+ Other assets	686	952	941
Total Credit risks	**338 136**	**277 748**	**276 765**
+ Operational risk	26 691	19 423	27 416
+ Counterparty risk derivatives (CVA-risk)	3 335	1 411	2 437
Total calculation basis	**368 163**	**298 582**	**306 618**
Capital Adequacy			
Common Equity Tier 1 %	**30.27 %**	**35.76 %**	**36.08 %**
Total capital %	**30.27 %**	**35.76 %**	**36.08 %**

The Bank does not expect any significant changes in Capital Adequacy as a result of changes in the regulations in relation to additional buffer requirements that will be implemented in the legislation from 2022.

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

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 The Annual Report 2020, Note 6).

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

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

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

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

Macro scenarios

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

The following factors are included in the macro evaluation process:

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

The probability weighted macro factor (MF) will be multiplied with the Expected Loss and give Loss Allowance (or Macro Scenario adjusted Expected Loss). The factor (MF) is calculated to be 1,7473.

Exposure in the scenario model is the same as at 30.09.2021.

Loss Allowance and Impairments

Loss allowance	30.09.2021	30.09.2020	31.12.2020	31.12.2019	31.12.2018
Step1	600 389	698 512	659 824	822 991	665 727
Step2	828 880	874 233	779 360	0	36 322
Step3	0	784 836	0	0	0
Sum	1 429 270	2 357 581	1 439 184	822 991	702 049
Allowance/Loan Ratio	0,43 %	0,86 %	0,53 %	0,28 %	0,28 %
Impairments	0	0	0	0	0

Based on the improved market for bulkers and container vessels during 2021, the loss allowance has improved compared to yearend 2020.

Loans where no loss provision has been recognized due to collateral:
30.09.2021: 0
30.09.2020: 0

Remaining exposure from credit impaired loans and loss exposed loans:

30.09.2021	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**

30.09.2020	Gross Loans	First-Priority pledge in vessel	Cash Pledge	Other Collateral
Remaining exposure from credit impaired loans	**0**	**0**	**0**	**0**
Loss exposed loans	**0**	**0**	**0**	**0**

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

Scenario	Expected Loss allowance
Vessel value up	751 000
Unchanged	818 000
Vessel value down	2 070 000

30.09.2021

	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 31.12.2020	649 254	779 360		1 428 614
Lending to customers 31.12.2020	241 576 445	28 417 958		269 994 403
Changes				
Transfer to Step 1	264 010	- 264 010		
Transfer to Step 2	- 43 512	43 512		
Transfer to Step 3				
Reclassification	- 317 864	74 735		- 243 129
Amortization	- 289 795	- 56 820		- 346 615
New commitments	282 218			282 218
Effect of Scenario Adjustment	56 078	252 103		308 181
Allowance as of 30.09.2021	**600 389**	**828 880**	**-**	**1 429 270**
Lending to customers 30.09.2021	319 262 966	*16 173 149*	-	*335 436 115*
Loans not disbursed	0			
Allowanse: Loans not dispursed	-			-
Net Change in Loss allowance	**-48 865**	**49 520**	**0**	**656**

Reclassification: Change in Expected Loss calculation

30.09.2020

	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 31.12.2019	822 991			822 991
Lending to custmers 31.12.2019	295 124 509			295 124 509
Changes				
Transfer to Step 1				
Transfer to Step 2	- 160 052	160 052		
Transfer to Step 3	- 8 336	-	8 336	
Reclassification	109 041	593 597	776 500	1 479 138
Amortisation	- 86 855	- 9 249		- 96 104
New committments	35 695			35 695
Scenario Adjustment	- 13 972	129 833		115 861
Allowance as of 30.09.2020	**698 512**	**874 233**	**784 836**	**2 357 581**
Lending to custmers 30.09.2020	219 604 360	53 480 644	2 572 259	275 657 263
Net Change in Loss allowance	**-124 479**	**874 233**	**784 836**	**1 534 590**

(1) Amortisations and changes in individual assessments

Credit risk: Total

30.09.2021

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	7 868 701					7 868 701
Deposits with credit institution	76 839 694					76 839 694
Certificates and bonds	131 020 415					131 020 415
Shares and other securities			114 386			114 386
Loans to customers		137 732 492	197 703 623	0	0	335 436 115
Total	**215 728 810**	**137 732 492**	**238 944 610**	**0**	**0**	**551 279 311**

Committed loans, not disbursed			11 660 000			

30.09.2020

Amounts in USD	Very low risk	Low risk	Moderate risk	High risk	Loss exposed	Sum
Deposit with Central Bank	6 980 409					6 980 409
Deposits with credit institution	71 654 865					71 654 865
Certificates and bonds	196 062 155					196 062 155
Shares and other securities			79 682			79 682
Loans to customers		70 259 925	174 772 338	28 052 741	2 572 259	275 657 263
Total	**274 697 429**	**70 259 925**	**174 852 020**	**28 052 741**	**2 572 259**	**550 434 373**

Lending to customers by segment

	Q3 2021		Q3 2020		Q4 2020	
Sector	**USD**	**Share %**	**USD**	**Share %**	**USD**	**Share %**
Bulk	122 467 726	37 %	63 125 513	22,9 %	71 548 517	27 %
Container	78 995 205	24 %	77 184 034	28,0 %	76 678 410	28 %
Tank	118 543 123	35 %	124 872 740	45,3 %	111 507 688	41 %
Gas	11 740 264	4 %	5 513 145	2,0 %	5 399 888	2 %
Specialized	3 689 797	1 %	4 961 831	1,8 %	4 859 899	2 %
Offshore	-	0 %	-	0,0 %	-	0 %
Sum	**335 436 115**	**100 %**	**275 657 263**	**100 %**	269 994 403	100 %

Bonds and certificates: Risk Weight

Risk Weight	Q3 2021 Fair Value	Q3 2020 Fair Value	2020 Fair Value
0 %	15 248 358	13 976 916	20 707 570
10 %	115 772 057	182 085 239	191 476 124
20 %			
100 %			
Total	**131 020 415**	**196 062 155**	**212 183 694**

Bonds and certificates: Rating

Rating	Q3 2021 Fair Value	Q3 2020 Fair Value	2020 Fair Value
AAA	125 069 409	193 427 682	206 037 546
AA+	5 951 006	2 634 473	6 146 147
AA	0	0	
A	0	0	
Total	**131 020 415**	**196 062 155**	**212 183 694**

Bonds and certificates: Sector

Sector	Q3 2021 Fair Value	Q3 2020 Fair Value	2020 Fair Value
Supranationals	6 846 403	5 011 050	7 528 807
Local authority	5 951 006	8 965 866	13 178 763
Credit Institutions	118 223 006	182 085 239	191 476 124
Bank			
Total	**131 020 415**	**196 062 155**	**212 183 694**

Interest Rate Risk

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

Reference rates

The Bank has assets, liabilities and derivatives linked to current money markets reference rates (LIBOR, NIBOR and EURIBOR). Some of these reference rates will be replaced with other reference rates, which could have an impact on interest income, interest expenses, fair value of derivatives and financial assets/liabilities.

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 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.

Volatility of the exchange rate between NOK and USD will give the Bank an unintended volatility in the tax expense, due to currency gains/losses related to our equity.

Liquidity Risk

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

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

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

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

Operational Risk

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

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

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

INCOME AND COST

Note 5, Taxation of profit

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

	USD	NOK
Profit Before Tax	6 066 875	53 250 171
Tax related agio on equity	-	-
Basis for Tax Calculation	6 066 875	53 250 171
Calculated Tax (25%)	**1 516 719**	**13 312 543**

2) Full currency agio on Equity (Previous method)

	USD	NOK
Profit Before Tax	6 066 875	53 250 171
Tax related agio on equity	2 921 856	25 645 715
Basis for Tax Calculation	8 988 731	78 895 886
Calculated Tax (25%)	**2 247 183**	**19 723 972**

The calculated tax for the period is 37% of the ordinary result before tax.
The main reason is that even though the Bank's functional currency is USD, it is required to translate both P&L and the majority of assets and liabilities to NOK for tax purposes. Changes in net assets (equity) resulting from exchange rate will be subject to tax.

ASSETS

Note 6, Financial instruments at fair value.

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

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

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

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

30.09.2021

Amounts in USD 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	0	131 020	0	131 020
Shares and other securities	0	0	0	0
Financial derivatives	0	1 601	0	1 601
Total financial assets	**0**	**132 621**	**0**	**132 621**
Financial derivatives	0	5 471	0	5 471
Total financial liabilities	**0**	**5 471**	**0**	**5 471**

30.09.2020

Amounts in USD 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	0	187 096	8 966	196 062
Shares and other securities	0	0	0	0
Financial derivatives	0	908	0	908
Total financial assets	**0**	**188 004**	**8 966**	**196 970**
Financial derivatives	0	22 265	0	22 265
Total financial liabilities	**0**	**22 265**	**0**	**22 265**

Note 7, Financial pledges

The Bank has pledged NOK 26 600 000 of deposits as collateral for financial derivatives.

Note 8, Other intangible assets and fixed assets

- In USD	**30.09.2021**		**30.09.2020**	
	Other intangible assets	**Property, plant and equipment**	**Other intangible assets**	**Property, plant and equipment**
Cost or valuation at 01.01	4 446 666	1 400 057	4 318 219	1 334 652
Exchange and other adjustments	-117 585	-37 022	-314 213	-100 781
Introduction of right to use-asset				0
Additions			0	26 811
Disposals			0	0
Cost or valuation at end of period	**4 329 081**	**1 363 035**	**4 004 005**	**1 260 683**
Accumulated depreciation and impairment at 01.01.	-3 237 478	-731 667	-2 281 437	-394 420
Exchange and other adjustments	111 386	27 917	166 086	45 897
Depreciation charge this year	-675 402	-249 062	-599 558	-237 438
Disposals				
Accumulated depreciation and impairment at end of period	**-3 801 494**	**-952 812**	**-2 714 909**	**-585 960**
Balance sheet amount at end of period	**527 586**	**410 222**	**1 289 096**	**674 723**
Economic lifetime	*5 years*	*3 years*	*5 years*	*3 years*
Depreciation schedule	*Linear*	*Linear*	*Linear*	*Linear*

Fixed assets	**30.09.2021**	**30.09.2020**
Right to use assets	390 013	633 561
Other	20 209	41 162
Sum fixed assets	410 222	674 723

LIABILITIES

Note 9, Other assets and financial derivatives.

30.09.2021

Amounts in 1000	Nominal Value	Nominal Value	Nominal Value	Positive market values	Negative Market values
	USD	EUR	NOK	USD	USD
Interest Rate Derivatives					
Interest rate swap	0	0	0	0	0
Currency Derivatives					
Cross currency basis swap					
Buy/Sell USD against NOK	190 000		1 633 483	1 418	5 390
Buy/Sell EUR against NOK		11 160	114 024	183	81
Total Currency Derivatives	**190 000**	**11 160**	**1 747 507**	**1 601**	**5 471**

30.09.2020

Amounts in 1000	Nominal Value	Nominal Value	Nominal Value	Positive Market Values	Negative Market Values
	USD	EUR	NOK	USD	USD
Interest Rate Derivatives					
Interest rate swap	0	0	0	0	0
Currency Derivatives					
Cross currency basis swap					
Buy/Sell USD against NOK	190 000		1 605 155	908	21 222
Buy/Sell EUR against NOK		7 295	71 547	0	1 043
Total Currency Derivatives	**190 000**	**7 295**	**1 676 702**	**908**	**22 265**

Note 10, Other Liabilities and accrued cost

- In USD	**30.09.2021**	**30.09.2020**
Account payables	69 572	52 938
Tax withholdings	125 389	105 753
VAT payable	81 564	45 632
Tax payable	1 516 722	506 351
Deferred tax	553 572	2 304 217
Lease liability	399 171	645 080
IFRS-9 Allowance (loans not disbursed)	-	
Other liabilities	71 404	342 594
Total other liabilities	**2 817 394**	**4 002 565**
Holiday pay and other accrued salaries	794 312	590 624
Other accrued costs	83 798	119 734
Total accrued costs	**878 110**	**710 358**

Note 11, Share capital and shareholder information

The Bank has 8 170 048 shares at NOK 10.

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

The Bank has 55 shareholders.

The ten largest shareholders of the Bank are:

No	Shareholder	Numb. of shares	%
1	Centennial AS	2 042 979	25.0 %
2	Henning Oldendorff	2 041 979	25.0 %
3	Deutsche Bank Aktiengesellschaft	666 700	8.2 %
4	Société Générale	655 847	8.0 %
5	Canomaro Bulk AS	438 899	5.4 %
6	Skandinaviska Enskilda Banken AB	250 000	3.1 %
7	Klaveness Marine Finance AS	176 923	2.2 %
8	TD Veen AS	143 821	1.8 %
9	Herfo Finans AS	132 467	1.6 %
10	Sabine Elke Grothe-Ernst	127 000	1.6 %
	Others	1 493 433	18.3 %
	Total	**8 170 049**	**100 %**

Appendices

Appendix 1, Alternative Performance Measures

Formulas for calculation of Alternative Performance Measures

Ratio formulas

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

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

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

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

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

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

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

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

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

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