DANISH SHIP FINANCE

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Solvency need and solvency need ratio of Danish Ship Finance

Pursuant to the executive order on calculation of risk exposure, total capital and solvency need, Danish Ship Finance must publish its solvency need on a quarterly basis.

The calculation is made on the basis of the 8+ approach and the Danish FSA's "Guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions".

The guidelines issued by the FSA contain benchmarks for a number of stress tests etc. These benchmarks define the limits within which the FSA assesses the institution's risks as being covered by 8 per cent of the total risk exposure. If these limits are exceeded, the institution is required to increase its solvency need.

The solvency calculation is presented for the Group and the subsidiary (referred to as solo).

Solvency need at 31 March 2017

DKKm	Group	Solo
Total weighted items	**48,388**	**48,277**
Pillar I requirement (8 per cent of weighted items)	3,871	3,864
Earnings	-	-
Growth in lending	-	-
Credit risks		
- Credit risks for large customers in financial difficulty	241	241
- Other types of credit risk	-	-
- Concentration risks	45	45
Market and liquidity risks	-	-
Operational risks	458	448
Leverage ratio	-	-
Other risks	-	-
Total solvency need	**4,615**	**4,598**

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Key figures and financial ratios at 31 March 2017

	Group	Solo
Total capital less deductions, DKKm	8,020	8,801
Solvency need, DKKm	4,615	4,598
Capital conservation buffer, DKKm	604	604
Countercyclical capital buffer, DKKm	131	131
Excess capital, DKKm	**2,670**	**3,468**
Solvency ratio, per cent	16.6	18.2
Solvency need ratio, per cent	11.1	11.0
Capital conservation buffer, per cent	1.25	1.25
Countercyclical capital buffer, per cent	0.27	0.27
Excess capital, percentage points	**4.0**	**5.7**

For additional information see Danish Ship Finance's risk report, which is available at www.shipfinance.dk.

Yours sincerely

Danish Ship Finance

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