

Danish Ship Finance A/S
(domiciled in Denmark as a Danish limited liability company, CVR no. 27492649)

Base prospectus for the issuance of covered bonds, ship mortgage bonds and senior secured bonds

On the basis of this base prospectus (the “**Base Prospectus**”), prepared in accordance with the regulation of the European Parliament and the Council (EU) 2017/1129, as amended (the “**Prospectus Regulation**”), Danish Ship Finance A/S (the “**Issuer**”, the “**Company**” or “**Danish Ship Finance**”) will from time to time issue covered bonds (in Danish: *særligt dækkede obligationer*) (“**Ship Covered Bonds**” or “**SCBs**”), ship mortgage bonds (in Danish: *skibskreditobligationer*) (“**Ship Mortgage Bonds**” or “**SMBs**”) and senior secured bonds issued pursuant to Section 2j of the Danish Consolidated Act no. 646 of 18 May 2022 on a Ship Finance Institute, as amended (the “**Act**”) (in Danish: *lov om et skibsfinansieringsinstitut*) (“**Senior Secured Bonds**” and together with SCBs and SMBs (“**Bonds**”) in each case in accordance with the Act, and the Executive Order no. 668 of 1 June 2023 on a Ship Finance Institute, (the “**Executive Order**”) (in Danish: *bekendtgørelse om et skibsfinansieringsinstitut*). The Base Prospectus constitutes a base prospectus according to Article 8 of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation and related delegated regulations with the purpose of offering information about the Issuer and the Bonds to be issued under this Base Prospectus. No maximum issuance amount or outstanding amount has been defined under the Base Prospectus.

SCBs and SMBs are issued with a view to financing loans collateralised by ship mortgages. Senior Secured Bonds may be issued to provide supplementary collateral or to increase the overcollateralisation of the Issuer’s capital centre. Bonds may be denominated in any legally valid currency declared by the Issuer and may carry interest at a fixed or floating rate.

For Bonds issued under the Base Prospectus, an application may be submitted for trading and possibly listing on a regulated market (as defined by the European Parliament’s and the Council’s Directive 2014/65 EU on markets in financial instruments, as amended (the “**MiFID II**”) in Denmark. References in the Base Prospectus to Bonds being “listed” (and all similar references) shall mean that such Bonds have been included on the official list and been admitted to trading on a regulated market according to MiFID II. Bonds are issued and registered in uncertificated and dematerialised book-entry electronic (book-entry) form at VP Securities A/S (branded as “Euronext Securities Copenhagen” and referred to on the following as “**VP**”) and are settled through VP.

Unless otherwise announced, the Base Prospectus shall be valid for 12 months from the approval date of the Base Prospectus as the basis for Bonds to be admitted to trading on a regulated market in the European Economic Area (“**EEA**”) and/or offered to the public in the EEA, except for the cases where an exception is in force under Article 1(4) and/or Article 3(2) of the Prospectus Regulation. The obligation to prepare a supplement to the Base Prospectus in the event of a material new circumstance, error or inaccuracy shall not apply when the Base Prospectus is no longer valid.

The Bonds have not been and will not be registered under the US Securities Act of 1933 (“**U.S. Securities Act**”) and may be subject to US tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold, distributed or delivered within the United States or to, or for the account or benefit of, “US persons” (as defined in Regulation S of the U.S. Securities Act). The Bonds may be offered and sold outside the United States to non-US persons according to Regulation S of the U.S. Securities Act. For a description of certain restrictions for the supply, offer, sale and delivery of the Bonds and of distribution of the Base Prospectus and other offer documents relating to the Bonds, see section 13 “**SALES AND TRADING RESTRICTIONS**” of this Base Prospectus.

Information on the Bonds’ currency, denomination, number and interest rate and other information that applies to an ISIN code (“**ISIN code**”) for Bonds issued under the Base Prospectus will be stated in the relevant final terms (“**Final Terms**”).

The Issuer currently has an issuer rating of BBB+ (stable) from the international rating agency S&P Global Ratings Europe Limited (“**S&P**”). The Issuer’s SCBs from a capital centre named (“**Capital Centre A**”) have an S&P programme rating of A (stable). The Issuer’s SMBs issued from the “institute in general” (“**Institute in General**”) have an S&P programme rating of A (stable). The rating of any Senior Secured Bonds issued by the Company is expected to reflect the Issuer’s issuer rating.

S&P is established in the European Union (“**EU**”) and registered according to regulation (EC) No. 1060/2009 of the European Parliament and of the Council, as amended, on the date of the Base Prospectus. A rating is not a recommendation to buy, sell or own securities and may at any time be suspended, lowered or withdrawn by the relevant credit rating agency. The Issuer may decide not to have the issued Bonds rated. The Issuer may choose to terminate the cooperation on rating with S&P or choose

other credit rating agencies. The expected rating at the time of issuance of the Bonds will appear in the Final Terms of the Bonds in question.

This Base Prospectus, including the Final Terms of the Bonds in question, is not intended to provide the sole basis of any credit or other evaluation and does not constitute a recommendation to subscribe for or purchase Bonds issued in accordance with this Base Prospectus. Each recipient of this Base Prospectus and/or the Final Terms of the Bonds in question must make his or her own assessment of the Bonds and of the Issuer on the basis of the contents of this Base Prospectus, all documents incorporated by reference herein, the Final Terms of each offer under this Base Prospectus and any supplements to this Base Prospectus. Prospective investors should read section 2 “RISK FACTORS” of this Base Prospectus carefully and make their own independent investigation of the financial position and affairs and their own appraisal of the creditworthiness of the Issuer and (if applicable) any relevant capital centre. Each investor should make sure that they understand the terms and conditions of the Bonds as well as the extent of their exposure to risk, and make sure that they assess the suitability of the Bonds as an investment in light of their own circumstances and financial situation. Each investor must also assess any possible legal implications, including but not limited to any potential tax implications on subscription, purchase or sale of the Bonds issued in accordance with this Base Prospectus and consult their own advisers with respect to the consequences thereof.

The date of this Base Prospectus is 11 July 2023

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1 Introduction

1.1 Introduction to the Base Prospectus

The Base Prospectus is a base prospectus in accordance with the Prospectus Regulation. The purpose of the Base Prospectus is to provide the information about the Issuer and the Bonds covered by the Base Prospectus that, according to the nature of the Issuer and the Bonds covered by the Base Prospectus, is considered necessary for investors to form a qualified opinion of the Issuer's (or the relevant capital centre's) assets and liabilities, financial position, results and future prospects as well as the rights that are associated with the bonds offered. Investors must form their own opinion of whether the Bonds constitute a suitable investment for them.

Ship Covered Bonds (SCBs) are issued according to Section 2d of the Act, Ship Mortgage Bonds (SMBs) are issued according to Section 2a of the Act and Senior Secured Bonds are issued according to Section 2j of the Act.

Any reference in this Base Prospectus to "Bonds" applies to all types of securities issued under this Base Prospectus, i.e. SCBs, SMBs and Senior Secured Bonds. Investors holding Bonds, including nominees and/or custodians, are referred to as ("**Bondholders**"). Where in this Base Prospectus the terms "covered bonds", "ship mortgage bonds" or "senior secured bonds" are written without capital letters, they describe the type of security in general, i.e. the text applies to securities issued under this Base Prospectus as well as that type of security in general.

All references in the Base Prospectus to "**DKK**" shall mean Danish kroner, which is the official currency of the Kingdom of Denmark at the time of the approval of the Base Prospectus. All references in the Base Prospectus to "**USD**" shall mean United States dollar, which is the official currency of the United States of America. All references to "**EUR**" shall mean euro, which designates the single European currency, which is used by the member states participating in the third stage of the Economic and Monetary Union.

The outstanding number of Bonds issued under the Base Prospectus fluctuates dependent on the Issuer's requirements. The volumes of Bonds in circulation appear, with reference to relevant ISIN codes, on www.nasdaqomxnordic.com.

In this Base Prospectus, "**Final Terms**" shall refer to the final terms that, read in the context of the Base Prospectus and information incorporated by references, apply to an ISIN code for Bonds issued under the Base Prospectus.

This Base Prospectus shall be read in the context of all documents that are incorporated by reference in the Base Prospectus and the Final Terms for the various Bonds. See section 7 "INFORMATION INCORPORATED IN THE BASE PROSPECTUS BY REFERENCE" and section 6 "TEMPLATE FOR FINAL TERMS". In addition to the documents that by reference are included in the Base Prospectus, information on the websites that the Base Prospectus refers to shall not be included or incorporated by reference into this Base Prospectus, and the information has not been reviewed or approved by the Danish Financial Supervisory Authority (the "**DFSA**").

1.2 Introduction to the sale and trading of the Bonds

Any offering of Bonds in any other member state of the EEA than Denmark will be carried out according to an exemption from the requirement to publish a prospectus for the offering of securities according to the Prospectus Regulation. Consequently, any person who makes or intends to make an offering of the Bonds in the EEA member state in question will only be able to do so in the event where no obligation arises for the Issuer to publish a prospectus according to the Prospectus Regulation or to prepare a supplement to a prospectus prepared according to the Prospectus Regulation, in each case in connection with such an offering. The Issuer has not consented to or in any other way approved that an offering be made of Bonds in circumstances where an obligation arises for the Issuer to publish or supplement a prospectus for such an offering.

In connection with an offering of Bonds to the public that is not exempted from the requirement in the Prospectus Regulation to publish a prospectus, any financial intermediary who uses this Base Prospectus to offer Bonds shall be obliged to inform investors of the terms and conditions prevailing at the time of the offering. Financial intermediaries using this Base Prospectus are also under the obligation to state on their website that they use this Base Prospectus in accordance with the related consent and its conditions.

No persons have been authorised to give information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Bonds, and if such information or representation has been given or made, such information or representation may not be relied upon as having been authorised by the Issuer in relation to an issuance of Bonds.

Neither the distribution of this Base Prospectus nor any offering, sale or delivery of any Bonds creates, under any circumstances, any indication that there have not been any changes in the affairs of the Issuer since the date of this Base Prospectus or since the date upon which this Base Prospectus was last supplemented, or that there has been no adverse change in the financial position of the Issuer since the date of this Base Prospectus or since the date upon which this Base Prospectus was last supplemented, or that any other information supplied in connection with this Base Prospectus is correct at any time subsequent to the date on which it is given.

The distribution of this Base Prospectus and the Final Terms of the Bonds in question and the offering, sale or delivery of the Bonds may be restricted by law in certain jurisdictions. The Issuer presumes that persons who get possession of this Base Prospectus and/or the Final Terms of the Bonds in question issued inform themselves about and observe any such relevant restrictions.

1.3 The Benchmark Regulation

Amounts payable to holders of floating-rate Bonds may, if stated in the relevant Final Terms, be calculated on the basis of a reference rate. If such a reference rate constitutes a ‘benchmark’ according to Regulation (EU) 2016/1011 of the European Parliament and of the Council, as amended, (the “**Benchmark Regulation**”), it will be stated in the Final Terms whether or not the reference rate in question is delivered by an administrator, who is listed in the European Securities and Markets Authority’s (“**ESMA**”) register of administrators according to Article 36 of the Benchmark Regulation. Unless required by law, the Issuer does not intend to update the Base Prospectus or relevant Final Terms with new registration status of an administrator, as the ESMA’s register of administrators is publicly available.

1.4 MiFID II product governance/target markets

The relevant Final Terms, in respect of any Bonds will include a legend titled “MiFID II product governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

1.5 UK MiFIR product governance/target market

The relevant Final Terms, in respect of any Bonds may include a legend entitled “UK MiFIR product governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

1.6 Important – EEA retail investors

If the relevant Final Terms, in respect of any Bonds includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended) (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) no. 1286/2014 (as amended) (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

1.7 Important – United Kingdom retail investors

If the relevant Final Terms, in respect of any Bonds includes a legend entitled “Prohibition of Sales to United Kingdom Retail Investors”, the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or

otherwise made available to any retail investor in the United Kingdom. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

2 Risk factors

It is the assessment of the Issuer that the circumstances described below represent the risk factors considered to be material and specific to the Issuer and/or the Notes. If one or more of the below-mentioned circumstances occur, this may have an adverse effect on the Issuer's activities, financial position, results and/or reputation, which may cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds and consequently Bondholders may, in part or in full, lose their investment in the Bonds. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds, and, as a result, Bondholders could lose some or all of their investment. Additional risks and uncertainties, including risks that are not known to the Issuer at present or that the Issuer currently deems immaterial or less likely to materialise, may also arise or become material or more likely to materialise in the future.

Risk factors are grouped into two sections. The first section covers risk factors relating to the Issuer that may affect the Issuer's ability to pay amounts due in connection with the Bonds. The second section covers risks relating to the offered Bonds. In addition, with respect to certain risks and uncertainties discussed below, the Issuer has assessed the probability of such risk or uncertainty materialising and, if such risk or uncertainty did materialise, the expected impact on the Issuer (the "**Forward-Looking Assessments**"). By their very nature, such Forward-Looking Assessments are inherently uncertain and are subject to a wide variety of significant assumptions and business, economic, and competitive risks and uncertainties (including events and circumstances that may or may not occur in the future and may not be within the Issuer's control) that could cause actual outcomes to differ materially from the Forward-Looking Assessments. The Issuer urges prospective investors to treat the Forward-Looking Assessments with caution and not place undue reliance on the Forward-Looking Assessments. For risk factors where there are no comments on the probability of the specific risk occurring, the Issuer has not been able to estimate such probability. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the probability of any such contingency occurring.

The most material risks, as currently assessed by the Issuer, taking into account, (i) the expected magnitude of their negative impact on the Issuer and/or the Bonds and (ii) the probability of their occurrence, are set out first in the risk factor categories "*Risk factors relating to the Issuer that may affect the Issuer's ability to pay amounts due in connection with the Bonds*" and "*Risks associated with the offered Bonds*".

Prospective Bondholders should consider carefully the risks and uncertainties described below together with all other information contained in this Base Prospectus in its entirety (including documents incorporated by reference) and form their own opinion, including consulting own advisers, prior to making any investment decision.

Unless otherwise defined herein, capitalised terms used in this section shall have the meaning given to them in Section 5 "Terms and Conditions" (the "**Conditions**"). Any reference to a numbered "Condition" is to the correspondingly numbered provision thereof.

2.1 Risk factors relating to the Issuer that may affect the Issuer's ability to pay amounts due in connection with the Bonds

2.1.1 Risks related to the general economic and geopolitical conditions

The Issuer's business is subject to inherent and indirect risks arising from general and sector-specific economic conditions in the markets in which it operates. The Issuer conducts its business activities worldwide and the performance of the Issuer may be influenced by both domestic and international economic and political events, including political and military actions. The market conditions have also been, and are likely to continue to be, affected by concerns over increased geopolitical tensions, including those related to Russia's invasion of Ukraine (and the related sanctions imposed by the United States, the EU, the U.K., Canada, Japan and Australia, among others) and the ongoing disputes over Taiwan. Any significant macroeconomic deterioration in the Danish and/or other economies, such as the slowing of economic growth significantly below long-term average levels, rising unemployment, reduced corporate profitability, reduced personal income levels, inflationary pressures, reduced government and/or consumer expenditure, increased corporate, small and medium-sized enterprises (SME) or personal insolvency rates, borrowers' reduced ability to repay loans, fluctuations in commodity and energy prices, business changes in foreign exchange rates and global trade volumes could have a material adverse effect on the Issuer's business, results of its operations, financial position and/or business prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds. Most importantly, these macroeconomic factors can affect the Issuer through changes in the demand for ship finance in the Danish and international markets and the prevailing competitive situation. In addition, macroeconomic factors affect the performance in the Issuer's investment portfolio.

As at the date of this Base Prospectus, the Issuer has not made any discrete provisions related to macroeconomic or geopolitical conditions.

Given that the Issuer's lending is secured by ship mortgages, the credit risk depends on the performance of the shipping markets and the development in ship values. The shipping industry is cyclical, and fluctuations in freight- and charter rates and ship values are a known risk in the ship finance market. Supply and demand for individual vessel types, transport needs for different cargo types and underlying general economic trends are some of the factors that may affect both borrowers' ability to repay loans as well as the valuations of the vessels that are mortgaged as security for these loans. During such adverse market conditions, the Issuer's exposure to losses will increase, and this may have an adverse effect on the Issuer's activities, financial position and results and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on, or in connection with, some or all Bonds.

The weakness, or the perceived weakness, of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions or counterparties, could negatively impact the Issuer. The business operations of many financial institutions are closely related and interdependent because of credit, trading, clearing and other relationships. A deterioration of global financial conditions, market-wide liquidity problems, increased volatility or widening credit spreads could have a material adverse effect on the Issuer's business, results of operations, financial position and/or prospects. The precise nature of the risks and uncertainties the Issuer faces as a result of current economic and geopolitical conditions cannot be predicted and these risks are outside the control of the Issuer. The occurrence of any of these risks could ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds.

2.1.2 Credit risk related to borrowers, counterparties and investments of the Issuer

Credit risk is the risk of loss caused by the failure of any borrower or other counterparty to fulfil its payment obligations to the Issuer. The Issuer's credit risk relates primarily to its portfolio of ship mortgage loans, and to a lesser extent to the Issuer's holdings of securities and trading in financial instruments with counterparties.

As of 31 December 2022, the Issuer's Risk Exposure Amount ("REA") for credit risk amounted to DKK 38,951 million, out of the total REA of DKK 42,389 million.

Borrowers

Since the loans made by the Issuer are secured by ship mortgages, the credit risk depends particularly on developments in the shipping markets and the financial positions of the borrowers. If freight rates or ship values drop significantly, this may have an adverse effect on the borrowers' financial situation and ability to make loan payments and, thus, on the Issuer's financial situation.

The Issuer's ability to fulfil its payment obligations under the Bonds may be negatively affected by the borrowers' ability to repay the loans and other credit commitments, which, in turn, may be affected by (among other things) changes to prevailing interest rates, changes in the overall economy (nationally and internationally), changes to taxation, changes in inflation and/or the political environment in which the Issuer's borrowers operates in. Defaults or related restructurings by borrowers could have an adverse effect on the Issuer's business, results of operations, financial position or prospects.

If a borrower is unable to repay a loan, the value of the Issuer's security will depend on the value of the mortgaged vessel, and the Issuer may have to enforce the mortgage on vessel(s) at a time when the value of the vessel(s) is less than the outstanding debt under the loan, which could cause a loss for the Issuer.

The Issuer's loan portfolio is characterised by concentration at the borrower level. The Issuer is not subject to statutory limits from the regime on large exposures to individual borrowers classified as Danish. Therefore, it cannot be ruled out that the bankruptcy or restructuring of a small number of the Issuer's largest exposures may cause the Issuer to suffer a significant loss.

The Issuer has sought to mitigate concentration risks through diversification of the portfolio at vessel-type level, among other things. The effect of diversification at vessel-type level varies with general economic developments and may be lower during a recession than during periods of recovery or economic expansion.

The Issuer monitors the insurance coverage of mortgaged vessels closely, and the Issuer therefore considers the risk of insufficient insurance coverage on mortgaged vessels to be low. A significant negative change in the credit quality of borrowers may negatively affect the value of the Issuer's loans and increase impairment charges and losses.

As of the date of this Base Prospectus, the Issuer assesses the probability of material losses occurring on a significant number of borrowers to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds as low.

Valuation of ship mortgages

In its lending operations, the Issuer is dependent on being able to conduct proper market valuations of the mortgaged vessels. The market valuations are used, among other things, to determine the loan-to-value ratio of the Issuer's loans. If valuations overstate the value of the vessels, the Issuer may not be able to recover the expected amount from any enforcement action. Conducting proper market valuations of the mortgaged vessels may become more complex with the increasing focus on environmental, social and governance (ESG) matters also with respect to the shipping industry, including with respect to energy efficiency of vessels. In addition, shipping is cyclical and fluctuations in the value of vessels are common. As of the date of this Base Prospectus, the Issuer assesses the probability of significant losses occurring from changes to valuation of mortgaged vessels to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds as low.

Risk pertaining to enforcement

While enforcements are rare as of the date of this Base Prospectus, the Issuer has a right to arrest vessels in the event of a borrower default. The Issuer will, depending on the jurisdiction where the vessel is arrested, need to obtain either an arrest order from the local harbour authority or a court order before initiating the actual enforcement of the ship mortgage through either a private sale (which is only available in certain jurisdictions) or a public auction. If a forced sale of vessels takes longer than anticipated, or if significant costs are required, it could reduce the funds recovered from such sales, and this may have an adverse negative effect on the Issuer's business, results of operation, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds.

As of the date of this Base Prospectus, the Issuer assesses the probability of significant losses occurring in respect of enforcement taking longer than anticipated to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds as low.

Financial counterparties

Transactions with financial counterparties are made to hedge currency and interest rates and other risks in the capital centres as well as in connection with the investment of the Issuer's own funds and any surplus liquidity from Bonds issued. The transactions concern cash deposits, repos and derivatives. Such financial contracts are usually entered into under documentation based on the standards from the International Swaps and Derivatives Association (ISDA) and the International Capital Market Association (ICMA).

Financial contracts may involve a risk of loss if the contract has a positive market value for the Issuer and if, at the same time, a financial counterparty is unable to perform its obligations under the contract. This type of risk includes settlement risk.

A negative change in the credit quality of the Issuer's counterparties may negatively affect the value of the Issuer's assets and liabilities and increase the Issuer's impairment charges and losses. As of the date of this Base Prospectus, it is the Issuer's assessment that the probability of material losses on one or a significant number of financial counterparties occurring to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds as low.

For an overview of the credit risk of the Issuer as of 31 December 2022 reference is made to pages 70-75 of the Danish Ship Finance 2022 Annual Report incorporated by reference into this Base Prospectus. Reference is also made to pages 13-25 of the Danish Ship Finance 2022 Risk Report. See 7 "*Information incorporated in the Base Prospectus by reference*" below.

Investments

The Issuer regularly invests its own funds as well any surplus liquidity from Bonds issued in securities, most often in the form of bonds. There is a risk that the issuers of these bonds will not be able to meet their contractual obligations which in turn may have an adverse effect on the Issuer's activities, financial position and results and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds. Given the highly rated nature of most of these investments as of the date of this Base Prospectus, the Issuer assesses that the probability of incurring material credit losses on investments to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds is low as of the date of this Base Prospectus.

2.1.3 *Market risk related to adverse developments in market values resulting from fluctuations in interest rates, credit spreads, foreign currency exchange rates*

Market risk is the risk of loss following movements in the financial markets (including movements in interest rate, share prices, bond prices, credit spread and foreign exchange risks).

The principal market risks facing the Issuer are associated with the Issuer's investment portfolio (investment of the Issuer's own funds) and to a lesser extent the placement of any surplus liquidity from Bonds issued. Interest rate risk and spread risk on bonds in the investment portfolio are the most significant market risks. The Issuer maintains its investment portfolio to support its primary business activities. The Issuer currently funds its lending by issuing SCB's and SMB's subject to the specific balance principle (in Danish: *det specifikke balanceprincip*) in accordance with the provisions of the Executive Order no. 1425 of 16 December 2014 on the issuance of bonds, the balance principle and risk management ("**Executive Order on Bond Issuance**") (in Danish: *bekendtgørelse om obligationsudstedelse, balanceprincip og risikostyring*) and has the ability to issue Senior Secured Bonds. The Issuer's surplus liquidity relating to issuance of Bonds and lending are subject to regulatory restrictions on interest rate, foreign exchange and liquidity risk and are therefore less exposed to market risks.

Market value fluctuations may also result in losses and have an adverse effect on the income from the Issuer's primary activities. The Issuer's loan portfolio is largely denominated in currencies other than the currencies of the Bonds. The Issuer therefore seeks to hedge market risk through financial contracts. The financial contracts and hedging of risk may not always provide for a complete hedge of the Issuer's risk. Financial contracts are also subject to counterparty risk (see section 2.1.2 "Credit Risk" above).

Fluctuations in fixed income and foreign exchange markets, spread and option risk and imperfect hedges may affect the market value and liquidity of the Issuer's assets and liabilities. In addition, the occurrence of such fluctuations may have an adverse impact on the revenue generated from the Issuer's primary activities, which may, in turn, have an adverse effect on the Issuer's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds.

As most of the Issuer's loan portfolio is denominated in USD, the Issuer has an ongoing need to convert funds from DKK or EUR to USD, which is conducted via currency basis swaps. The opportunities for sourcing USD liquidity rely on efficient capital markets and access to financial counterparties. The Issuer's temporary or permanent loss of ability to convert DKK or EUR funding into USD entails a risk of higher financing costs or a loss of business opportunities in case of market disruption. The same applies in the event that future Bond issuances by the Issuer is made in another currency than DKK and EUR. The inability to convert currency exposure may, in turn, have an adverse effect on the Issuer's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds. Further, an increase in the USD exchange rate v. DKK will result in an increase in the value of the risk-weighted assets as calculated in DKK, while the Issuer's own funds, which are denominated in DKK, will remain unchanged. In such a situation, the Issuer's capital ratios will decrease and this may entail a risk of temporarily higher financing cost or a loss of business opportunities.

As of 31 December 2022, the Issuer's risk exposure amount for market risk amounted to DKK 2,625 million out of the total REA of the Issuer of DKK 42,389 million. The Market Risk REA is split across the following categories:

Item	REA, DKK million
Position risk related to debt instruments	1,994
Position risk related to shares	93
Total currency position	538
Total Market Risk REA	2,625

The Issuer conducts daily operations in observance of internal guidelines laid down by the Board of Directors setting even stricter limits for the market risk than those set by regulation. As at the date of this Base Prospectus, the Issuer therefore believes that the probability of significant loss from these risks affecting the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds must be characterised as low.

2.1.4 *Funding and liquidity risk related to funding costs, liquidity and refinancing risk and access to funds*

Liquidity risk is the risk of a lack of access to liquidity and/or higher funding costs, as a result of which the Issuer may not be able to continue its operations in their current scope and which may have a negative effect on the Issuer's business, results of

operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds.

The Issuer is exposed to a loss of liquidity and possibly an increased need for funding as a consequence of changing exchange rates due to the hedging agreements entered into under bilateral collateral agreements (ISDA/CSA) as well as mark-to-market resets on certain derivatives. The increased need for collateral entails a risk of temporarily higher funding costs or a loss of business opportunities in the event of a market disruption resulting in a funding and liquidity risk for the Issuer.

The Act and the Executive Order require that issuers of covered bonds, such as the Issuer with respect to issued SCBs, provide supplementary collateral in the event that declining ship values reduce the value of the SCBs collateral below the statutory lending limits. A decline in ship values could increase the requirement for the Issuer to provide supplementary collateral and lead to an increase in the funding needs of the Issuer. A lack of access to supplementary capital or interest-bearing liabilities – for example, to Senior Secured Bonds or senior unsecured debt or other credit lines – may also be associated with a direct liquidity risk for the Issuer.

Although the Issuer currently funds its lending by issuing SCBs and SMBs subject to the specific balance principle, in accordance with the provisions of the Executive Order on Bond Issuance, a liquidity mismatch may appear in the future as loans and SCBs and SMBs issued are not matched on a loan-by-loan basis. The Issuer is required by law to ensure that any liquidity deficit can be covered by the Issuer's own funds.

As of the date of this Base Prospectus, the Issuer assesses that the probability of a lack of access to liquidity and/or higher funding costs occurring to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds to be low.

2.1.5 Risks related to the operations, business, conduct and reputation of the Issuer

The Issuer is subject to operational risk. Operational risk may arise from human errors, system faults, breakdown of IT systems, inadequate or defective internal procedures or external events like conduct and legal risks, operational failures or fraud committed by business partners. Further, the Issuer faces risks relating to reputation and strategy, including adverse publicity with a corresponding falling market share, incorrect implementation of legislation, IT system breakdowns at a critical time, etc.

The Issuer's business and other activities (including those performed by the Issuer), are increasingly dependent on highly advanced IT systems. Examples of operational risk incidents include fraud or other illegal or unethical conduct, failure to have policies and procedures and controls in place to prevent, detect and report incidents of non-compliance with applicable laws or regulations, claims relating to inadequate products, inadequate documentation, insufficient data quality, errors in transaction processing, system failures, as well as the inability to retain and attract key personnel.

The Issuer may be the target of malicious hacking with consequences in the form of shutdown of individual or all IT systems. Consequences of a malicious hacker attack may include financial losses, business disruption, inability to issue bonds, inability to service payments on time and loss of data or other sensitive information.

The Issuer cannot ensure that errors, failures, business or service interruptions or security breaches as a result of fraud, human error or omissions will not occur.

The Issuer handles operational risk by way of a set of procedures and controls as well as IT and business contingency plans to minimise the risks and to ensure well-operating processes and thus reduce the probability and consequence of operational risks materialising and potential conflicts of interest. However, if any of these procedures and controls or contingency plans fail, it may have a material adverse effect on the Issuer's reputation. It may also result in regulatory investigations or sanctions being imposed and the Issuer may be exposed to additional costs and liabilities. This could have a material adverse effect on the Issuer's reputation, business, results of operations, financial position, and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on, or in connection with, some or all Bonds.

As of 31 December 2022, the Issuer's risk exposure amount for operational risk amounted to DKK 813 million out of the total REA of the Issuer of DKK 42,389 million.

As of the date of this Base Prospectus, the Issuer assesses that the probability of significant losses incurred as a result of the events set out above to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds to be low.

2.1.6 Regulatory risk

The Issuer is subject to extensive legislative requirements and supervision. Non-compliance can give rise to enforcement action including orders, fines, or other sanctions and may have an adverse effect on the Issuer's financial position and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on some or all Bonds.

The Issuer is subject to Danish law in the form of the Act and the Executive Order as well as other relevant regulation.

Furthermore, a substantial part of the financial regulation emanates from the European Commission, the European Central Bank ("ECB"), the European Banking Authority ("EBA") and ESMA and part of the European Systemic Risk Board ("ESRB") as well as the Joint Committee of the European Supervisory Authorities. The Basel Committee on Banking Supervision (the "BCBS") also plays an important role in relation to the drafting of European regulations.

Even though the Issuer follows the work of the ECB, the EBA, the ESMA, the ESRB, the Joint Committee of the European Supervisory Authorities, the BCBS, the Commission, the Danish legislators and the DFSA closely and consistently monitor the development in the regulation of financial enterprises, regulation may be subject to changes and/or interpretation by authorities. The Issuer operates internationally, serving clients in multiple jurisdictions, in an industry that is subject to highly complex and changeable regulation. Laws and regulations and the manner in which laws and regulations are enforced or interpreted, may change from time to time. There is a risk that the Issuer could inadvertently fail to comply with applicable law in the jurisdiction where a client is incorporated. Changes of law or its interpretation could have a material adverse effect on the business results of operations or financial condition of the Issuer or the Issuer's ability to fulfil its obligations under the Bonds should such regulatory risks materialise.

2.1.7 Risks related to an increase in the Issuer's capital requirements and/or REA

The Issuer is subject to regulatory capital requirements, including a minimum own funds requirement, an individual solvency requirement, leverage requirements and a combined capital buffer requirement (see section 4.8 "Provisions on capital adequacy" below).

The own funds, capital and leverage requirements applicable to the Issuer are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or reproducible of calculation by investors. The leverage ratio or any of the minimum own funds requirement, the individual solvency requirements or the combined buffer requirement applicable to the Issuer may be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to pay interest, principal or other amounts due in connection with some or all Bonds.

Regulation (EU) 2019/630 of 17 April 2019 regarding minimum loss coverage for non-performing exposures (the "**NPE Backstop Regulation**") amending the CRR concerns requirements for minimum loss coverage for non-performing exposures ("**NPEs**") has recently begun to affect the capital requirements of the Issuer. Pursuant to the NPE Backstop Regulation, for all NPEs, a minimum coverage must be calculated and this must be compared with the loan impairment charges made in respect of the relevant NPE. If the minimum coverage exceeds the loan impairment charges made, this results in a deduction in the Issuer's Common Equity Tier 1 capital, corresponding to the difference (referred to as the "**NPE backstop**"). The NPE Backstop Regulation and the NPE backstop applies to exposures originated from 26 April 2019 and to exposures originated prior to 26 April 2019 where the terms and conditions of such exposure have been modified. The minimum coverage is increasing the longer the exposure is in default and the minimum coverage on unsecured exposures is generally higher than on exposures secured by collateral. The minimum coverage is 100 per cent. of the exposure in the 10th year after the exposure is categorised as a NPE. Following a revision of the Executive Order effective 1 July 2023, mortgages on vessels can be attributed regulatory value for the purpose of the NPE Backstop Regulation. The Issuer has implemented the NPE Backstop Regulation in its credit risk management systems and closely monitors any development in NPEs. The shipping industry is a cyclical industry where recovery of NPEs may take several years, which is a risk factor that may result in an additional negative impact of the NPE backstop.

If the Issuer has, or is perceived to have, a shortage of own funds, the Issuer's Recovery Plan may be triggered and it may become subject to regulatory interventions and sanctions by the DFSA (including, those set out in Chapter 15 of the Financial Business Act (FBA) on cessation) and may suffer a loss of confidence in the market with the result that access to sources of liquidity and funding may become constrained, more expensive or unavailable. This may, in turn, have an adverse effect on the Issuer's reputation, business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds.

Due to and taking into account that compliance with capital requirements is subject to regulators' and supervisory authorities', including the DFSA's, regulatory interventions, interpretations and sanctions, which is beyond the control and the predictions of the Issuer, it is not possible for the Issuer to reasonably assess the probability of the occurrence of this factor.

2.1.8 Risk relating to anti-money laundering, counter-terrorist financing, anti-bribery and sanctions regulations

The Issuer is required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-bribery and other laws and regulations. These extensive laws and regulations require the Issuer, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicions of money laundering and terrorist financing, and, in some countries, specific transactions to the applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, requiring adequate systems and sophisticated monitoring and compliance personnel, and have become the subject of enhanced government and regulatory supervision. Failure to comply with these extensive laws and regulations may result in the imposition of fines and other penalties on the Issuer (including, those set out in Chapter 15 of the FBA on cessation) and the Issuer's business and reputation could also suffer if customers use it for money laundering, financing of terrorism, or other illegal or improper purposes. This may have an adverse effect on the Issuer's reputation, business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds

The Issuer does not operate as an account-holding bank, handle physical cash or facilitate payments between payers and payees, why the Issuer assesses the probability of losses occurring relating to money laundering to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds to be low.

The Issuer's activities relating to the provision of financing to vessels in Denmark and on a global level entails risk associated with terrorist financing, anti-bribery and sanctions regulations. In particular, vessels for which the Issuer has provided financing may become subject to sanctions. The Issuer monitors ongoing compliance with international regulations within this area closely. Given the high level of complexity and the increased use of sanctions as a foreign policy tool the Issuer assesses the probability of losses occurring in connection with such risk to be moderate while the Issuer as of the date of this Base Prospectus assess the risks that such losses would be of a magnitude that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds to be low.

2.1.9 Operating risk on assets taken in possession by the Issuer may result in the Issuer suffering losses

The Issuer may, under certain circumstances, take possession of mortgaged vessels, in which case the Issuer may assume an operating risk in respect of the vessels in question during an interim period until the vessels are sold and delivered. As part of the operating risk assumed, the Issuer may also bear the risk of shipwreck or environmental liability that has not been covered by insurance.

As of the date of this Base Prospectus, the Issuer assesses that the probability of such risks occurring to an extent that would adversely affect the Issuer's ability to pay interest, principal or other amounts due on or in connection with some or all Bonds to be low. The Issuer has no assets in possession at the date of this Base Prospectus. In the case of inadequate insurance coverage in such cases, notwithstanding the Issuer's policies regarding insurance, the Issuer may suffer a loss that may have a negative effect on the Issuer's activities, financial position, results and reputation and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with some or all Bonds.

2.1.10 Transfer of funds between capital centres

The Issuer has the right, at any time and without notice or consent from Bondholders, to segregate and transfer loans, securities and derivatives to another capital centre provided that substitute assets are procured.

The rules on a minimum level of capital also apply to each capital centre. The Issuer has established Capital Centre A for the issuance of SCBs, while SMBs are issued out of the Institute in General. The Issuer can transfer funds (overcollateralisation) between Capital Centre A and the Institute in General, and funds can also be transferred from the Institute in General to Capital Centre A to meet the capital centre's solvency requirement, requirement of supplementary collateral or further overcollateralisation requirements, among other things due to the rating of the Bonds, provided that the solvency requirement of the Institute in General will also subsequently be met. A decline in the value of the assets of a capital centre may also have an effect on the payments to the holders of Senior Secured Bonds, if any, which rank below SCBs and SMBs in the order of priority of creditors.

In the case of the bankruptcy of the Issuer, the Bondholders will only have a claim against the Issuer under the general Danish law of damages for any loss suffered by the Bondholder as a result of the transfer of funds from one capital centre to another.

At the date of this Base Prospectus the Issuer has maintained a material overcollateralization above the minimum capital requirement, and any declines in the value of the assets of a capital centre have so far not threatened the ability to pay interest, principal or other amounts due on or in connection with any Bonds the payments to the Bondholder. However, if such declines materialise they could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on, or in connection with, some or all Bonds.

2.2 Risks associated with the offered Bonds

2.2.1 Risks relating to credit ratings

As of the date of this Base Prospectus, the Issuer has a S&P issuer credit rating of BBB+ (stable). The Issuer's SCBs from Capital Centre A have an S&P programme rating of A (stable). The Issuer's SMBs from the Institute in General have an S&P programme rating of A (stable). The rating of any Senior Secured Bonds issued by the Institute in General is expected to reflect the Issuer's issuer credit rating.

S&P as of the date of this Base Prospectus maintains a stable outlook for the Issuer's credit ratings. S&P's credit rating outlook assesses the potential direction of an issuer's long-term rating over the intermediate term, but a rating outlook is not necessarily predictive of a rating change or future rating action by S&P. S&P states that a future negative credit rating action can stem from, e.g. the Issuer's increased risk appetite due to a significant deterioration in the shipping industry or a marked worsening of funding and liquidity metrics. These credit ratings may not reflect the potential impact of all risk related to the structure, market, additional factors discussed in this section and other factors that may affect the value of the Bonds or the financial standing of the Issuer.

S&P may, at any time, change the methodology/principles applied to the credit rating of the Issuer and the Bonds, and this may result in material changes to previously assigned ratings. Such action may result in increased costs of capital and may have a negative effect on the Issuer's activities, financial position, results and reputation. This could ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with any Bonds.

In accordance with S&P methodology, the Issuer's credit ratings may also decline if the credit rating of the Kingdom of Denmark is downgraded even for reasons wholly separate from the Issuer's activities.

S&P may at any time revise, suspend or withdraw a credit rating assigned by it if, in the judgement of S&P, the credit quality of the Bonds or the Issuer, as the case may be, has declined or is questioned. If a credit rating assigned to the Bonds and/or the Issuer is downgraded, suspended, withdrawn, and/or the Issuer terminates its business relationship with one or more credit rating agencies, it could adversely affect the trading price of the Bonds and, as a result, investors could lose some or all of their investment.

The Issuer can, at any time, choose to cancel its cooperation with S&P, which could have the consequence that the Bonds are no longer rated, unless the Issuer chooses to be rated by one or several other credit rating agencies. If a Bond would no longer be rated it could adversely affect the trading price of the Bond. As a result, investors could lose some or all of their investment.

In general, European regulated investors are restricted under the Regulation (EC) no. 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**") from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. If the status of the rating agency rating the Bonds changes for the purposes of the CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA, and the Bonds may have a different regulatory treatment, which may impact the value of the Bonds and their liquidity in the secondary market.

2.2.2 Risks associated with the structure of SCBs and SMBs

2.2.2.1 Early redemption

The Issuer reserves the right to effect early redemption in the following cases:

- In the event of a negative interest coupon, the Issuer will have a claim against the Bondholders equivalent to the absolute value of the negative interest coupon. In such a case, the Issuer will be entitled, but not required, free of charge to redeem Bonds for settlement at par value, equivalent to a value of up to the nominal negative interest coupon. The Bondholders' payment of the negative interest coupon will be made by set-off against the redeemed Bonds. In case of extraordinary redemption at par value, the nominal redemption amount may deviate from the amount that could have been obtained if the redeemed Bonds had been sold in the market. The proceeds from the redemption will fall due for payment to the Bondholders on the due date of the payment period. The Issuer must calculate the total redemption to be made before the redemption.
- The Issuer reserves the right to redeem the Bonds, in full or in part, before maturity, or alternatively, to offer investors an exchange of their existing Bonds for new Bonds, in full or in part, if the terms of the loans financed by the Bonds are changed as a result of legislative amendments, orders issued by the authorities and/or changes in market conditions. Redemption by the Issuer of the Bonds may take place at the prevailing market price of the Bond issued under the relevant ISIN in the event of early redemption immediately or later. This may have an adverse impact on the Issuer's business and at the pricing of the Bonds.

2.2.2.2 Non-compliance with the balance principle

According to the Executive Order on Bond Issuance, the Issuer must observe a balance principle (in Danish: *balanceprincippet*) and may choose either a general balance principle (Chapter 2 of the Executive Order on Bond Issuance) or a specific balance principle (Chapter 3 of the Executive Order on Bond Issuance). The SCBs and SMBs are issued in accordance with the specific balance principle. Should Senior Secured Bonds be issued in a capital centre, they would be subject to the balance principle of that capital centre.

In accordance with the balance principle, the Issuer must manage its capital centres in a manner that ensures an appropriate balance between the payment streams under the outstanding assets and liabilities of the capital centres in terms of currency, interest rate and maturity structure. Financial contracts may be concluded for the purpose of hedging interest rate and currency risks stemming from imbalances between the assets and liabilities of the capital centre. The Executive Order on Bond Issuances requires each counterparty to any such financial contracts to meet certain credit quality requirements. Therefore, the Issuer is dependent on having access to counterparties with such credit quality.

The balance principle is at the core of the Issuer's business operations and compliance is closely monitored. At the date of this Base Prospectus the Issuer has not previously experienced any non-compliance with the balance principle that has caused the issuer to be unable to pay interest, principal or other amounts due on or in connection with any Bonds. However, non-compliance with the balance principle may cause the Bondholders to incur a loss and the Issuer to lose its authorisation to issue Bonds, which may have a negative effect on the Issuer's activities, financial position, results and reputation, and could ultimately cause the Issuer to become unable to pay interest, principal or other amounts due on or in connection with any Bonds.

2.2.2.3 Loss of covered bond status

If the Issuer fails to provide supplementary collateral for SCBs as required by legislation, the SCBs will lose their status as SCBs, which may affect the risk weighting of the SCBs in the capital calculations of financial institutions that use the SCBs to satisfy regulatory liquidity requirements or are otherwise required to hold high-quality liquid assets. This could adversely affect the trading price of the Bonds and, as a result, investors could lose some or all of the value of their investment.

Provided other requirements are met, the SCBs will, in such a case, change status to SMBs.

As of the date of this Base Prospectus, the Issuer is adequately capitalised to meet relevant capital requirements why this risk is considered to be low.

2.2.3 The secondary market for the Bonds

The Issuer cannot assure Bondholders a liquid market following the issuance of bonds.

If the secondary market is affected by limited liquidity the Bondholders may be unable to sell their Bonds with ease or can only sell their Bonds at a lower price than expected. The risk may be elevated during market turmoil, but the Issuer considers the risk to be low in general.

2.2.4 Interest rate risk on the Bonds

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. In particular, long-term Fixed Rate Bonds may suffer from significant price reductions in the face of rising market interest rates.

Similarly, there is a risk that the coupon on Floating Rate Bonds will be negative, in which event the Issuer will have a claim against the Bondholders. In this case, the Issuer is entitled, but not required, to redeem the Bonds for settlement at par value, equivalent to a value of up to the nominal negative interest coupon, and is entitled to make a claim against the Bondholders that will be set off as part of the redemption.

The effective yield of the Bonds may be affected by any number of factors, many of which cannot be predicted at the time of investment.

2.2.5 Insolvency hierarchy

The SCBs and SMBs constitute unconditional and unsubordinated obligations of the Issuer. Holders of SCBs and SMBs together with certain counterparties to financial contracts with preferential treatment will have a preferential right (subject to deduction of expenses relating to the bankruptcy estate and similar expenses) to all the assets in the capital centre through which the SCBs and the SMBs are issued.

The Senior Secured Bonds constitute unconditional obligations of the Issuer. The Senior Secured Bonds are secured claims against the capital centre it is allocated to. In case of the Issuer's bankruptcy, the Senior Secured Bonds provide their holders with a secondary preferential right for payment against the Issuer in respect of all assets in the capital centre through which they are issued.

If the capital centres do not have sufficient assets to satisfy the claims of the holders of SCBs and SMBs, any residual claims of the holders of SCBs and SMBs will rank *pari passu* with residual claims of the holders of SMBs and financial contracts with preferential treatment in the Institute in General and will rank prior to the Issuer's unsecured creditors pursuant to Section 97 of the Danish Bankruptcy Act. Any residual claims of the holders of Senior Secured Bonds against the Institute in General will be treated as an unsecured claim in respect of the assets of the Institute in General that will be available for distribution in the case of bankruptcy in accordance with Section 97 of the Danish Bankruptcy Act.

3 Responsibility statement

3.1 Issuer's responsibility

Danish Ship Finance A/S, Danish company reg. (CVR) no. 27 49 26 49, Sankt Annae Plads 3, 1250 Copenhagen K, Denmark, is responsible for this Base Prospectus under applicable Danish law.

3.2 Persons responsible

On behalf of the Issuer, the following persons are responsible for the Base Prospectus:

Board of Directors:

Eivind Drachmann Kolding
(Chairman)

Peter Nyegaard
(Deputy Chairman)

Marcus Freuchen Christensen
(Staff-elected Director)

Anders Damgaard
(Director)

Povl Christian Lütken Frigast
(Director)

Thor Jørgen Guttormsen
(Director)

Henrik Rohde Sjøgaard
(Staff-elected Director)

Ninna Møller Kristensen
(Staff-elected Director)

Jacob Balslev Meldgaard
(Director)

Michael Nellemann Pedersen
(Director)

Christopher Rex
(Staff-elected Director)

Henrik Sjøgreen
(Director)

In accordance with the powers conferred on them, they have authorised the Executive Board to jointly sign this Base Prospectus as well as any future addenda.

Executive Board:

Erik Ingvar Lassen
(Chief Executive Officer)

Lars Jebjerg
(Chief Financial Officer & Chief Risk Officer)

Michael Frisch
(Chief Commercial Officer)

3.3 Statement

The persons responsible for the information provided in this Base Prospectus hereby declare to the best of their knowledge, the information contained in the Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

This Base Prospectus (including the declaration contained in the Base Prospectus) is hereby signed on behalf of the Issuer's Executive Board by special authority of the Issuer's Board of Directors:

Copenhagen, 11 July 2023

Erik I. Lassen
Chief Executive Officer

Lars Jebjerg
Chief Financial Officer & Chief Risk Officer

Michael Frisch
Chief Commercial Officer

3.4 Declaration

The Issuer declares that:

- i) The Base Prospectus has been approved by the DFSA in its capacity as competent authority under the Prospectus Regulation.
- ii) The DFSA only approves this Base Prospectus as meeting the standards for completeness, comprehensibility and consistency imposed by the Prospectus Regulation.
- iii) Such approval should not be considered as an endorsement of the Issuer (Danish Ship Finance) or the quality of the Bonds that are the subject of this Base Prospectus.
- iv) Investors should make their own assessment as to the suitability of investing in the Bonds.

4 Legislative framework for the Issuer's activities

Danish Ship Finance is a ship finance institute.

As a ship finance institute, the Issuer is subject to the Act, the Executive Order and other relevant regulation. Under the provisions of the Act and the Executive Order, certain parts of (i) the FBA and (ii) Regulation (EU) No. 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms as amended from time to time, including by Regulation (EU) 876/2019 of 20 May 2019 (the “**CRR**”), have also been made applicable to the Issuer.

The Act and the Executive Order (including the applicable parts of the FBA and the CRR) lay down various prudential and conduct requirements, including on the business activities, ownership structure, management and organisation of financial businesses, capital structure, capital buffers, liquidity, valuation of collateral, maturities, loan-to-value limits, issuance of SMBs, SCBs and Senior Secured Bonds, fleet mortgages, liability, balance principle, supplementary collateral, annual report, capital centre accounts as well as reporting and disclosure obligations.

The Act also provides rules on prudential and conduct supervision. The Issuer is subject to supervision by the DFSA, which is a regulatory authority under the Danish Ministry of Industry, Business and Financial Affairs. The DFSA oversees the Issuer's activities on an ongoing basis, including by way of inspection, and regular reporting from the Issuer.

The CRR lays down provisions on several matters relating to credit institutions, including:

- Own funds
- Risk exposure
- Liquidity
- Leverage ratio
- Reporting requirements in connection with capital requirements, large exposures, liquidity requirements and leverage; and
- Public disclosure requirements in connection with own funds requirements, large exposures, liquidity requirements and leverage.

The Issuer is generally exempt from Directive 2013/36/EU of 26 June 2013 of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms as amended from time to time, including Directive (EU) 2019/878 of 20 May 2019 (the “**CRD**”) and any related directives; however, the Act and the Executive Order do implement certain provisions of CRD in relation to the Issuer. The most important consequence of this exemption is that, unlike most credit institutions, the Issuer is not subject by statutory limits on Large Exposures to all individual borrowers classified as Danish. The Board of Directors must, however, lay down rules concerning risk diversification, including for borrower concentration.

The Issuer is not allowed to engage in any activities other than ship financing, with the exception that the Issuer may engage in activities ancillary to ship financing (the DFSA may require that such ancillary activities are carried out through a subsidiary), as further set out in the Act.

The Issuer is subject to highly complex and changeable regulation, governing the Issuer's ability to lend to clients domestically and cross-border. If the legislation and regulation governing the Issuer's lending activities are amended or should the Issuer become aware of additional requirements relating to such activities in any jurisdiction, the Issuer reserves the right to revise this Base Prospectus by way of a supplement to ensure that the Issuer's future bond issuances under this Base Prospectus comply with applicable legislation and regulation in force from time to time.

Set out below is an overview of the legislation governing the Issuer's issuance of Bonds as well as the business operations of the Issuer.

Unless stated otherwise, the overview does not take into account any legislative amendments entering into force after the date of this Base Prospectus.

4.1 Provisions on lending

The Issuer's objects are set out in article 2 of the Issuer's Articles of Association:

“The object of the Company is to provide ship financing in Denmark. In addition, the Company provides ship financing on the international market, as long as such activities do not unnecessarily limit the Company’s Danish operations.”

The Issuer is entitled to engage in other activities in relation to collateral assets, which it holds temporarily for the purpose of covering or settling prior commitments. Typically, this means that the Issuer may in a default scenario as part of any enforcement action in connection with a repossession of the mortgaged vessel choose to temporarily operate the vessel with a view to maximize the recovery proceeds to be applied against the Issuer’s exposure.

When granting loans against mortgages in vessels financed through the issuance of SCBs and SMBs, the Issuer must perform valuations and determine lending limits based on the provisions of the Executive Order and Executive Order no. 768 of 30 May 2022 on the valuation of mortgages and loans in ships as security for the issuance of covered bonds and ship mortgage bonds (“**Valuation Order**”) (in Danish: *bekendtgørelse om værdiansættelse af pant og lån i skibe som stilles til sikkerhed for udstedelse af særligt dækkede obligationer og skibskreditobligationer*).

4.2 Capital centres

SCBs and SMBs are issued in capital centres. SCBs and SMBs may not be issued from the same capital centre.

SCBs are issued from Capital Centre A, and SMBs are issued from the Institute in General.

For capital centres issuing SCBs or SMBs, Senior Secured Bonds may be issued for the purpose of providing overcollateralisation to the capital centres, normally for the purpose of supporting the rating of the Bonds issued from the capital centre.

In Capital Centre A, Senior Secured Bonds may also be issued for the purpose of providing supplementary collateral.

The assets of each capital centre consist of all mortgages relating to vessels as well as liquidity placements in the form of securities, deposits and (reverse) repos held by the capital centre. The liabilities of each capital centre are made up of the SCBs, SMBs and Senior Secured Bonds issued as well as the own funds (capital) relating to the capital centres.

Furthermore, each capital centre may include off-balance sheet items such as financial contracts in the form of derivatives. Financial contracts may be included only for the purpose of hedging interest rate and currency risks stemming from imbalances between the assets and liabilities of the capital centre, provided the contracts for the derivatives stipulate that reconstruction, insolvency proceedings or failure to provide security by the Issuer institute do not constitute events of default.

The income of each capital centre consists of interest from loans, bonds, debt instruments and other claims, upfront fees and similar income as well as returns on other assets in each individual capital centre and derivatives.

The expenses of the capital centres are made up of the interest coupons paid on issued SCBs and SMBs as well as interest coupons paid on any Senior Secured Bonds, administrative and similar expenses, loss and impairment of assets in the capital centres, off-balance sheet items as well as any tax liabilities accruing to the capital centre.

The Issuer and the capital centres are liable for obligations under the SCBs and SMBs in accordance with the provisions of the Act. The capital centres are individually ring-fenced and are not subject to cross-liability. If the claims of the holders of SCBs and SMBs are not fully satisfied by the funds of the relevant capital centre, they will have preferential rights to the assets available for distribution in the Institute in General.

If the Issuer establishes additional capital centres in the future, such capital centres may, subject to the publication of a supplementary prospectus, be added to the Base Prospectus.

4.3 Cover assets, loan-to-value limits and additional capital charge

The Issuer may only grant loans secured by ship mortgages or certain other qualified assets.

The Issuer may grant loans in amounts up to 70% Loan to Value (LTV) based on the market value of the mortgaged vessel(s) at the time of loan offer or at delivery at the latest. However, the Issuer may for a period of up to one year (which under special circumstances can be extended) waive the requirement for a registered mortgage on the vessel if the borrower instead provides high-quality collateral as set out in the Executive Order. In addition, mortgages funded with SCBs are subject to a maximum LTV of 60%, cf. section **Fejl! Henvisningskilde ikke fundet.**

Under certain conditions, however, the Issuer may grant loans exceeding 70% LTV, if the loans are supported by additional high-quality collateral and/or are subject to additional reservations of the Issuer's own funds (additional capital charge).

Such reservations of own funds are made as a deduction from the Tier 1 capital (described and defined under section 4.9.2) of the Capital Centre A or in the Institute in General (as the case may be) in connection with the statement of capital. The deduction equals the amount of the loan in question that exceeds 70% of the market value of the mortgaged vessel(s) at the time of calculation.

The additional reservations of own funds for a loan are, however, capped at an amount in DKK determined on the date of the granting of the loan or at the disbursement of the loan at the latest.

As a result of the implementation of the Covered Bonds Directive, the Act requires the Issuer to calculate and ensure that the aggregate principal amount of all cover assets in each capital centre is equal to or exceeds the aggregate principal amount of the outstanding SCBs or SMBs. For SCBs a surcharge of 2% applies in respect of the required coverage. The surcharge for SCBs has been set in accordance with CRR. The Issuer is pursuant to the Executive Order no. 806 of 31 May 2022 on reporting on coverage requirement, surcharge requirement and liquidity buffer (in Danish: *bekendtgørelse om indberetning af dækningskrav, overdækningskrav og likviditetsbuffer*) required to report certain information on coverage, surcharge and liquidity buffer (see paragraph 4.11.3 below) to the DFSA.

4.3.1 Specifically on the issuance of SMBs

Loans granted with a principal amount of more than 70% but less than 100% of the market value of the financed vessel at the time of disbursement of the loan and other vessel(s) provided as collateral (each as determined in accordance with the Valuation Order and the guidelines laid down by the Board of Directors of the Issuer) are subject to the following requirements that for the part of the loan that exceeds 70% of the market value of the mortgaged vessel(s):

- additional collateral of a particularly high quality, as defined in Section 14 of the Executive Order, must be provided; and
- the Issuer must make an additional reservation of own funds (additional capital charge).

Notwithstanding the above, pre-delivery financing for the purpose of financing new vessels or conversions may be granted without a mortgage on the vessel, if the collateral of the type mentioned in Section 13(2) and (3) of the Executive Order is provided. Pre-delivery financing may only be provided on the condition of financing of the completed vessel.

Pre-delivery financing covered by Section 13(1) of the Executive Order are included in the determination of the Issuer's capital adequacy at a risk weight of 200%, provided that the total amount of outstanding construction loans does not at any time exceed 125% of the overcollateralisation (the part of the Tier 1 capital that exceeds the own funds requirement).

4.3.2 Specifically on the issuance of SCBs

On 24 January 2017, the DFSA granted its authorisation for Danish Ship Finance's issuance of SCBs in accordance with Section 2c of the Act.

The value of cover assets collateralising SCBs must at least equal the value of the SCBs issued, and the mortgage security with respect to each loan must at all times comply with the loan-to-value limits thereof.

Loans of a principal amount of more than 60% but less than 100% of the value of the mortgaged vessel(s) (each as determined in accordance with the Valuation Order and the guidelines laid down by the Board of Directors of the Issuer) may only be included as cover assets for SCBs if the Issuer posts supplementary collateral of the asset types listed in Section 2d(1) of the Act, covering the part of the loan that exceeds 60% of the mortgaged vessel(s). The loan amount between 60% and 70% of the market value of the mortgaged vessel(s) must be considered when calculating the Issuer's Pillar II capital requirement.

4.3.3 Fleet mortgages

A fleet mortgage exists if one or more borrower(s) provides security for one or more loan(s) by way of a registered mortgage against more than one vessel.

A fleet mortgage may be allocated between two or more capital centres including the Institute in General if the loan agreement include the following provisions:

- Cross-liability, meaning that all borrowers are jointly liable for all loans secured by the fleet mortgage;
- Cross-default, meaning that a default with respect to one loan will cause all loans secured by the fleet mortgage to default to the effect that the fleet mortgage becomes enforceable in its entirety;
- Cross-collateral, meaning that all vessels covered by the fleet mortgage are provided as collateral for all loans secured by the fleet mortgage to the effect that recourse is available against all vessels for the exposure under all loans; and
- The borrower shall undertake not to use the mortgaged vessels as security for other (unrelated) loans not secured by the first priority fleet mortgage (negative pledge).

4.4 Provisions on maturity and loan amount

The maturity of a loan granted by the Issuer must not exceed 15 years from the date of disbursement of the loan and, in the case of pre-delivery financing, four years from the date of the first disbursement.

The maturity of a loan is determined with consideration for the average life expectancy of the vessel type and the age and condition etc. of the vessel in question.

4.5 Valuation of vessels

Vessel values for use in connection with market value assessment of vessels serving as collateral to SCB's and SMB's issuance shall equal an amount at which the vessel can be sold during a sales period of not more than 12 months from the valuation date in an independent sale and purchase transaction between a willing buyer and a willing seller at normal market conditions, where each of the parties has acted on a well-informed basis, with caution and voluntarily (market value). Conditions leading to an especially high price must not form part of the valuation. The value of charter or other contracts of employment may not be taken into account in the valuation of the ship. When making the valuation of collateral, the Issuer must take into consideration any risk of changes to market and structural conditions. The Valuation Order sets out certain requirements and conditions for the valuation and the time for making the valuation.

At least once a year, the Issuer shall prepare a valuation of each individual vessel in order to ensure that the loan-to-value requirement on 60% in respect of SCB issuance is observed. The Issuer shall prepare valuations of each individual vessel more often if special conditions may be assumed to apply, including in case of considerable changes to market conditions. The valuation of the vessel must be to market value. The valuation may be carried out by the Issuer itself or an external expert assessor who meet certain criteria as set out in the Valuation Order. The Issuer may use statistical methods (algorithms) in order to monitor the valuation of the vessels and in order to identify which vessels that need a new valuation. The Issuer is required to have procedures for ongoing monitoring of the vessels' physical condition, including procedures for physical inspections.

4.6 Vessels registered outside of the EU

The DFSA may grant permission for the Issuer to grant loans secured by mortgages over vessels that is registered outside the European Union on the condition that the requirements set out in Sections 28-30 of the Executive Order are satisfied. Such requirements include, among other things, that the Issuer must ensure that the granted loan is enforceable against the borrower and that the mortgage securing the loan is valid and enforceable.

4.7 Assets eligible as collateral for the issuance of Bonds

The asset types listed in Article 129(1), a-c and g and (2) of the CRR may be used as collateral for the issuance of SCBs and Senior Secured Bonds.

The asset types set out in detail of Chapter 3 of the Executive Order may be used as collateral for the issuance of SMBs in addition to those offered as collateral for the issuance of SCBs.

4.8 Balance principle

According to the Executive Order on Bond Issuance, the Issuer must observe a balance principle and may choose either a general balance principle (Chapter 2 of the Executive Order on Bond Issuance) or a specific balance principle (Chapter 3 of the Executive Order on Bond Issuance).

The SCBs and SMBs are issued in accordance with the specific balance principle. Should Senior Secured Bonds be issued in a capital centre, they would be subject to the balance principle of that capital centre.

If the Issuer decides to change the balance principle for bonds already issued, notice of such a decision will be given in a supplementary prospectus. If the Issuer decides to establish a new capital centre, the choice of balance principle for this capital centre will be notified by way of a base prospectus or a supplement.

4.8.1 *The specific balance principle*

The provisions on the specific balance principle require the following for each capital centre:

- i) Differences between future cash outflows to bonds issued and financial hedging instruments and future cash inflows from mortgages, loans to public authorities or against public guarantees, placements according to Section 4(5) of the Executive Order on Bond Issuance as well as financial hedging instruments must be possible to be calculated on a day-by-day basis.
- ii) Any future liquidity deficit for the capital centre resulting from the cash outflow exceeding the cash inflow must not exceed the capital centre's own funds. Future cash deficits for the capital centre do not include liquidity deficits that are matched by liquidity positions of low-risk and marketable securities or held as deposits with credit institutions qualifying for credit quality rating 2 or higher, subject to a termination notice of up to 12 months.
- iii) The interest rate risk assumed by the capital centre as a result of the differences in cash outflows and inflows, including interest rate risk in respect of surplus funds in the placement of such differences, must not exceed an amount equivalent to 1% of the capital centre's own funds. The differences do not comprise any payment surplus as a result of the borrower repaying the relevant loan, in whole or in part, before the capital centre's payment to the holders of the bonds when the borrower is not entitled to any compensation in that regard. For each currency where the capital centre has differences in cash outflows and inflows, the interest rate risk is calculated as the largest decrease in the current value of the differences calculated in six different scenarios, as set out in the Executive Order on Bond Issuance.
- iv) The interest rate risk of the capital centre's assets, liabilities and off-balance items may not exceed 8% of its own funds.
- v) The currency risk in respect of the capital centre's assets, liabilities and off-balance items must not exceed 2% of the capital centre's own funds plus the total foreign exchange risk relating to impairments on foreign currency loans. The foreign exchange risk is calculated using DFSA's exchange-rate indicator 2. Net positions in currencies that do not form part of exchange-rate indicator 2 must not exceed DKK 30 million for each individual currency.

4.8.2 *Specific provisions on the balance principle for issuance of SCBs*

Exposures originating from financial contracts for hedging purposes with credit institutions as counterparties must comply with the framework and limits set out in the CRR.

4.9 Provisions on capital adequacy

The regulatory framework for capital management is based on the CRR and the CRD (implemented in the FBA and as made applicable to the Issuer), which, among other things, consist of three pillars:

- Pillar I contains a set of rules for determining the minimum own funds requirement which is 8% of regulatory credit, market and operational risk exposures – including provisions on counterparty risk, minimum regulatory and capital deductions for non-performing exposures.
- Pillar II describes the framework for the Internal Capital Adequacy Assessment Process (“ICAAP”) framework and the supervisory review and evaluation process. The internal capital adequacy requirement is determined under the ICAAP and includes an individual solvency requirement.
- Pillar III relates to market discipline and sets out requirements for the disclosure of information about risk and capital management and the internal capital adequacy requirement.

4.9.1 *Provisions on the internal capital adequacy requirement*

Under Danish law, the Issuer must determine and publish its internal capital adequacy requirement each quarter. The internal capital adequacy assessment determines the capital considered sufficient for covering the Issuer's risks. The internal capital adequacy is calculated on the basis of the requirement under Pillar I plus a supplement for requirements under Pillar II. Pillar II reflects any uncertainty relating to the regulatory risk models and other factors, and the capital level is subject to ongoing qualitative adequacy assessments to assess whether it is sufficient for covering the Issuer's risks.

4.9.2 Provisions on leverage risk

The CRR and the CRD (implemented in the FBA and as made applicable to the Issuer) require the Issuer to calculate, report on and monitor its leverage ratio, which is defined as (“**Tier 1 capital**”) as a percentage of total leverage exposure amount. Due to the amendments to CRR through the CRR Amendment Regulation, the leverage ratio – i.e. the institution’s capital target (core capital) divided by the exposure target (the exposure values of a series of assets, derivatives agreements and off-balance items, among other things) – must at least amount to 3%.

4.9.3 Provisions on capital buffer requirements

In addition to the minimum own funds requirement and the individual solvency requirement, the Issuer is subject to a combined buffer requirement, which must be met with Common Equity Tier 1 capital. The combined buffer requirement is comprised of five elements: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the systemic risk buffer and the higher of (iv) the global systemically important institutions buffer and (v) the other systemically important institutions buffer. At the date of this Base Prospectus, the Issuer’s combined capital buffer requirement consists of a 2.5% capital conservation buffer and a countercyclical capital buffer of 0-2.5% depending on the geographical distribution of credit risk exposures, whereas the global systemically important institutions buffer and the other systemically important institutions buffer do not apply to the Issuer.

All EU member states can implement a systemic risk buffer applying to domestic exposures. The requirement may apply to the entire sector or to individual sub-sectors. The systemic risk buffer is aimed at preventing and mitigating systemic or macroprudential risks not covered by the CRR.

4.9.4 Capital adequacy in the capital centres

The Institute in General and each capital centre must have own funds representing at least 8% of the total risk exposure (subject to a minimum of EUR 5 million). This requirement applies to the Issuer generally and to its individual capital centres.

In the event that a capital centre is unable to meet the capital adequacy requirement, funds must be transferred from the Institute in General, unless such a transfer would prevent the Institute in General from meeting the 8% own funds requirement. Excess capital may be transferred from individual capital centres to the Institute in General.

4.10 Covered Bonds Directive

The Covered Bonds Directive and the amendments to CRR regarding covered bonds, pursuant to Regulation (EU) 2019/2160 of 27 November 2019 on amendments to Regulation (EU) No. 575/2013, as regards exposures in the form of covered bonds establishes the framework of EU-harmonised “European Covered Bonds”.

The Covered Bonds Directive is a framework directive implemented into Danish law and which entered into force on 8 July 2022. The Covered Bonds Directive establishes which types of assets can be provided as collateral for covered bonds and the basic characteristics of/requirements to covered bonds, which also means that in the event of bankruptcy investors shall be entitled to direct their claims to both the issuer and the underlying collateral of the issued covered bonds (“dual recourse”). Other elements are, among others, the use of derivatives, adequacy requirements, transparency requirements and special public supervision of issuers of covered bonds.

Covered bonds issued before 8 July 2022 are subject to transitional provisions (grandfathering) enabling them to maintain their status as covered bonds under the new regulation. However, covered bonds issued before 8 July 2022 will not be able to benefit from the transitional provisions, if bonds issued on or after 8 July 2022 are issued in an existing capital centre with covered bonds issued before 8 July 2022. Instead, the covered bonds before 8 July 2022 will be subject to the requirements of the Covered Bonds Directive to ensure that bonds issued in the same capital centre are subject to the same requirements relating to collateral, etc. To a large extent, the Covered Bonds Directive’s regulation of covered bonds and ship mortgage bonds were already part of Danish Law. The Issuer has therefore chosen to keep its existing capital centres open and ensure that bonds issued prior to 8 July 2022 are also compliant with the amended rules.

SMB’s that meet the requirements of the Covered Bonds Directive may in future be assigned the designation ‘European Covered Bonds’, while SCB’s that meet the supplementary CRR requirements for overcollateralisation and ongoing compliance with loan-to-value limits may be eligible for the designation ‘European Covered Bonds (Premium)’.

4.11 Liquidity provisions

The Issuer is subject to the EU liquidity rules, Liquidity Coverage Ratio (“**LCR**”) and Net Stable Funding Ratio (“**NSFR**”), stipulating minimum requirements for liquidity and term funding. In addition, the Covered Bonds Directive has implemented a 180-day liquidity buffer requirement applicable to capital centres from which issues have been made after 8 July 2022.

4.11.1 Liquidity Coverage Ratio

As a result of the LCR requirements, the Issuer and other credit institutions must have a liquidity buffer that will enable them to withstand a 30-day intensive liquidity stress test, i.e. when there is no access to other sources of financing. The LCR is expressed as a percentage that must at all times be at least 100% and is calculated as the institution’s liquidity buffer as a percentage of the net liquidity outflow over 30 days.

The Issuer’s liquidity buffer consists of High-Quality Liquid Assets (“**HQLA**”), including government bonds and covered bonds (mortgage bonds (in Danish: *realkreditobligationer* or *ROs*, covered bonds (in Danish: *særligt dækkede obligationer* or *SDOs*, and covered mortgage bonds (in Danish: *særligt dækkede realkreditobligationer* or *SDROs*). Net liquidity outflows are limited by pre-funding and the specific balance principle.

4.11.2 Net Stable Funding Ratio

According to the CRR (as amended by the CRR Amendment Regulation), the Issuer must comply with a structural NSFR of at least 100% with the purpose of securing stable funding of the institutions’ assets in the 12-month term.

4.11.3 Cover pool liquidity buffer requirements (180 days)

Due to the implementation of new Covered Bonds Directive and the entry into force of these rules, the Issuer must meet a 180-day liquidity buffer requirement for the net liquidity needs of each of the capital centres from which issues have been made after 8 July 2022. The requirement is to be met with HQLA.

4.12 Provisions on supplementary collateral

If the value of the cover assets as listed in Section 2d(1) of the Act no longer equals the value of the SCBs issued – for example, as a result of the declining market value of the mortgaged vessels – the Issuer must provide supplementary collateral to satisfy the requirement and must notify the DFSA.

In the event that the Issuer fails to provide supplementary collateral, all SCBs issued in the capital centre in question will lose their SCB designation. Bonds having lost their SCB designation may be designated SMBs, provided that they comply with the statutory requirements for SMBs when the loan offers for the underlying mortgages were made.

If the bonds subsequently again satisfy the requirements for SCBs, the DFSA may allow such bonds to be re-designated as SCBs. The requirement regarding supplementary collateral does not apply to loans financed by SMBs.

4.13 MiFID II

The Issuer issues Bonds on an ongoing basis that may be admitted to trading and officially listed on Nasdaq Copenhagen A/S. The Issuer exclusively buys or sells securities (including its bond issues) through securities dealers with the Issuer acting as a client. As such, the Issuer is generally not covered by the Danish provisions that implement MiFID II as well as Regulation No. 600/2014 of the European Parliament and of the Council on markets in financial instruments (“**MiFIR**”).

4.14 Provisions on the right to incur debt

Under Section 2j of the Act, the Issuer is entitled to incur debt, including through the issuance of bonds (Senior Secured Bonds), to meet requirements for the provision of supplementary collateral or to increase overcollateralisation in a capital centre.

The documentation must specify to which capital centre the proceeds from the incurred debt are to be allocated. The proceeds raised must be invested in certain low-risk and marketable securities as set out in the CRR.

As from the time when the debt is incurred, the assets relating to proceeds from the incurred debt must be placed in a separate account in a separate custody account or otherwise be designated as deriving from the relevant debt. Assets used as supplementary collateral must be recognised in the relevant capital centre.

4.15 Provisions on the recovery and resolution of credit institutions

The Issuer is only covered by certain parts of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended (the “**BRRD**”). Chapter 16 of the FBA on crisis management, which implements parts of the BRRD, applies to the Issuer – see Section 49 of the Executive Order.

The objective of the BRRD is to ensure the continuity of critical functions in distressed institutions and to avoid a significant adverse effect on the financial system as well as to obviate the need for the public to participate in the resolution of a failing institution. The Issuer is required to prepare and maintain a recovery plan for how to avoid a rapid deterioration of the institution’s financial situation pursuant to Section 71a of FBA and Executive Order no. 47 of 16 January 2023 on Recovery Plans for Banks, Mortgage Banks, Ship Finance Institutions and Investment Firms. The recovery plan must be updated at least every other year.

Since the Issuer is only covered by certain parts of BRRD as set out above, the Issuer is e.g. not subject to the Danish Act on Recovery and Resolution of which implements the BRRD into Danish law. Accordingly, the Issuer is not subject to the minimum requirement for own funds and eligible liabilities (the “MREL requirement”) and the resolution tools and resolution powers of the BRRD, including bail-in and the so-called non-viability loss absorption tool. Furthermore, the debt buffer requirement applicable to Danish mortgage credit institutions does not apply to the Issuer.

4.16 Bankruptcy

If the Issuer becomes insolvent, the DFSA and any creditor with a claim against the Issuer may file for bankruptcy proceedings to be commenced against the Issuer. Once a bankruptcy order has been issued, there may be no transfer of funds between capital centres and the Institute in General.

The Act confers a preferential right on the holders of SCBs, SMBs and, subject to certain conditions, certain counterparties relating to financial contracts in the event of bankruptcy.

4.16.1 Generally on bankruptcy

Holders of debenture bonds (in Danish: *kasseobligationer*), SMBs, SCBs or Senior Secured Bonds (or other debt incurred pursuant to Section 2j of the Act) may not claim early repayment of payment obligations based on a bankruptcy order issued against the Issuer. If a bankruptcy order is issued against the Issuer, this will not deprive the Issuer’s borrowers of their obligation to repay loans, in whole or in part, in accordance with the repayment terms applying to the loan.

The bankruptcy estate cannot effect payment in satisfaction of claims by holders of debenture bonds, SMBs or SCBs at an earlier date than when the Issuer was entitled to be released by effecting such payment. To the furthest extent possible, the appointed bankruptcy trustee must, in the performance of its duties, continue or resume the performance of the Issuer’s obligations in the form of interest and repayments to the holders of debenture bonds, SMBs or SCBs and claims from creditors under agreements on financial contracts concluded by the Issuer for the purpose of hedging risks between assets and bonds issued. To the extent that sufficient funds are not available, interest will be payable before redemption or before other repayments are made.

There can be no transfer of funds from one capital centre to another or to the Institute in General after insolvency proceedings have been initiated or a bankruptcy order has been issued. The amount that the holders of debenture bonds, SMBs, SCBs and other securities are entitled to receive as secured creditors consists of the assets of a capital centre at any time calculated after allocation of income and expenses.

4.16.2 Specifically on issuance from capital centres

If the Issuer is declared bankrupt, the Act provides that capital centre assets, minus the costs incurred in connection with bankruptcy proceedings, etc., including expenses relating to the bankruptcy trustee, salaries, etc., will be used first to satisfy claims filed by holders of SMBs or SCBs of the relevant capital centre and claims for interest accrued after the date of the bankruptcy order on the claims in question. Section 3a of the Act provides the holders of Senior Secured Bonds (or other debt incurred

pursuant to Section 2j of the Act) with the status of secondary secured creditors. Any excess funds will be included in the assets available for distribution, pursuant to Section 32 of the Danish Bankruptcy Act (in Danish: *konkursloven*).

The holders of SCBs or SMBs issued from a capital centre may only direct their claim against the relevant capital centre. Any uncovered residual claims can be made against any assets of the Issuer available for distribution and will rank *pari passu* with residual claims of the holders of SCBs and SMBs and with preferential treatment in the Institute in General, and prior to the Issuer's unsecured creditors (pursuant to Section 97 of the Danish Bankruptcy Act) but subsequent to other preferential creditors (pursuant to Sections 94-96 of the Danish Bankruptcy Act).

If the Issuer is declared bankrupt, Section 3a(3) of the Act determines that counterparties to financial contracts concluded for the purpose of hedging the risks in a capital centre will rank *pari passu* for bankruptcy rules purposes with the holders of SCBs and SMBs in the relevant capital centre, if the agreement on the financial contracts provides that the Issuer's reconstruction proceedings or bankruptcy or failure to supply additional collateral are not an event of default.

4.16.3 Specifically on issuance from the Institute in General

If the Issuer is declared bankrupt, the Act provides that funds, minus the costs incurred in connection with bankruptcy proceedings, etc., including liquidator fees, salaries, etc., in the Institute in General will be used to satisfy claims notified by holders of debenture bonds and SMBs issued through the Institute in General and claims for interest accrued after the date of the bankruptcy order on the claims in question. Funds used as described above, however, may not exceed the assets underlying the debenture bonds or SMBs, including the mortgage instruments, deposits and securities, plus an amount equivalent to 8% of the risk-weighted value of the assets underlying the debenture bonds and SMBs that the Issuer may have issued outside the capital centres.

Any excess funds will be included in the assets available for distribution pursuant to Section 32 of the Danish Bankruptcy Act. Pursuant to Section 3a(3) of the Act, counterparties to financial contracts concluded for the purpose of hedging the risks between loans and debenture bonds or SMBs issued through the Institute in General will rank *pari passu* for bankruptcy law purposes with the holders of debenture bonds or SMBs issued in the Institute in General if the agreement on the financial contracts provides that the Issuer's reconstruction proceedings or bankruptcy is not an event of default.

4.17 Reference rates

Currently, work is undertaken in Denmark and internationally to reform and/or find alternatives to existing (in full or in part) estimate-based reference rates in most currencies, with a view to securing the use of transaction-based reference rates to a greater extent. In the long term, this may be of importance to the development and use of Danish and international reference rates, such as, CIBOR, CITA and EURIBOR. In Denmark, a working group formed by Finance Denmark (a Danish business association for banks, mortgage banks, asset management companies, securities trading and investment funds in Denmark) and the Money Market Committee issued, in July 2019, its final recommendations on the assessment of possible candidates to a DKK risk-free reference rate based on wholesale overnight deposits named DESTR (Denmark short-term rate). In November 2020, Danmarks Nationalbank (the central bank of Denmark) assumed responsibility for DESTR. Danmarks Nationalbank has started publishing DESTR as of 4 April 2022. The first publication will reflect trading activity on 1 April 2022. Thus, DESTR has been available for use in financial contracts with effect from 1 April 2022. Danmarks Nationalbank established in January 2021 a working group on short term reference rate in Danish kroner to support the transition from the Tom/Next-rate (which forms part of CITA as the floating leg) to DESTR. Following the working group's public consultation on the transition from Tom/Next to DESTR the working group has published its final recommendation on the transition. The working group made certain recommendations to the Danish Financial Benchmark Facility (DFBF), as the administrator of the Tom/Next rate. DFBF has since stated that it will implement a number of changes to the CITA benchmark and its methodology. These changes will start coming into effect in two sequences: sequence 1 with effect from 1 February 2023 and sequence 2 with effect from 1 January 2026. In sequence 1, the CITA methodology is adjusted such that panel banks' submissions become based on DESTR OIS plus a Spread (19bp) added by DFBF. In sequence 2, panel banks' submissions to CITA will remain based on DESTR OIS, but DFBF will no longer add the defined spread. Consequently, the reference rate will on 1 January 2026 be reduced (fall) (all other things being equal, by the 19bps spread previously applied).

5 Terms and Conditions

5.1 Introduction

The following terms and conditions (the “**Terms and Conditions**”) apply to the Bonds issued by the Issuer according to this Base Prospectus in ISIN codes that are opened on or after the date of the Base Prospectus.

For covered bonds, ship mortgage bonds, senior secured bonds, and debenture bonds (in Danish: *kasseobligationer*) issued by the Issuer in ISIN codes opened prior to the date of the Base Prospectus, see the relevant base prospectus applicable at the time of the opening of the ISIN code in question and the relevant final terms. See also section 7 “INFORMATION INCORPORATED IN THE BASE PROSPECTUS BY REFERENCE”.

For each issue of Bonds in ISIN codes that is opened on or after the date of the Base Prospectus, a final terms document (“**Final Terms**”) applies, which, together with the below Terms and Conditions, lay down the terms applicable to issues of Bonds in the relevant ISIN code. The Final Terms are published on www.nasdaqomxnordic.com and <https://www.shipfinance.dk/investor-relations/rating-and-bonds/>.

In the event of inconsistency between the Terms and Conditions and other parts of the Base Prospectus, the Terms and Conditions will prevail. In the event of inconsistency between the Terms and Conditions and the applicable Final Terms, the applicable Final Terms will prevail.

All information set out in these Terms and Conditions also applies to the Final Terms, unless otherwise stated in the applicable Final Terms.

5.2 Form, title, listing, denomination and currency

5.2.1 Form of the Bonds

The Bonds are issued in book-entry dematerialised form, settled through VP (as defined in Condition 5.3) or another central securities depository with which the Bonds are registered and registered in the name of the holder, with no physical securities being issued.

The Issuer has entered into a VP participation agreement with Danske Bank A/S as issuing agent and VP with effective date 4 July 2005.

5.2.2 Title to the Bonds

The title to the Bonds is determined exclusively from the entry in the records of VP or another central securities depository (as specified in the Final Terms) with which the Bonds are registered, as the case may be. Accordingly, title to the Bonds can only be transferred by the recording of the transfer with VP or another central securities depository (as specified in the Final Terms) with which the Bonds are registered, as the case may be, in accordance with the rules and procedures for the time being of these securities depositories.

All payments under the Bonds will be made to the account appearing in the records on the Date of Recording (as defined in Condition 5.3) with VP or another central securities depository (as specified in the Final Terms) with which the Bonds are registered. In the event that the Issuer’s payment to the clearing centre is not passed on to Bondholders – irrespective of the reason – the Issuer is not legally obliged to make a payment again.

5.2.3 Trading and possible official listing

The Bonds issued under this Base Prospectus have been or are expected to be admitted to trading and officially listed at Nasdaq Copenhagen A/S. However, the Issuer may resolve not to apply for official listing of new issues of Bonds. The Regulated Market in which the Bonds are admitted to trading is specified in the Final Terms.

The first expected day of listing, if relevant, will be specified in the Final Terms.

5.2.4 Denomination

The denomination of the Bonds is stated in the Final Terms, and in these it will also be specified if, for the relevant Bonds, a minimum trading unit applies that deviates from the denomination.

5.2.5 Currency

The Bonds are issued in DKK, EUR or another currency. The currency in which the Bonds are issued is stated in the Final Terms.

5.2.6 ISIN code

The Bonds are issued in one or more ISINs. The ISINs are stated in the respective Final Terms.

5.2.7 Opening period

The ISIN code for the Bonds in question is open for new issues during a predetermined opening period. The Issuer may issue Bonds on tap during the opening period. The opening date and closing date (opening period) for the individual ISINs is specified in the relevant Final Terms.

The Issuer may decide to cease the offer during parts of the opening period.

5.2.8 Access to information on the Bondholders

If stated in the Final Terms under "Access to information on Bondholders", the Issuer shall have access to available information of name, address and other contact details of the Bondholders, the date of registration in the custody account, the size of the holding as well as any other relevant custody account details relating to the Bonds registered with the securities depository and the securities depository shall be entitled to disclose such information regarding the Bondholders to the Issuer

5.3 Definitions

In addition to terms defined elsewhere in the Base Prospectus in these Terms and Conditions, the following terms and expressions have the meanings set forth below:

"Adjustment Spread" means any addition or subtraction from a Substitute Reference Rate determined by the Issuer, in good faith and in a commercially reasonable manner, and applied such as to place Bondholders in the same situation as if the Reference Rate had been available.

"Banking Day" means either:

- i) a day on which both Danish payment systems and Danish banks located in Denmark are open for business (**"Danish Banking Day"**);
- ii) a **"TARGET2 Banking Day"**, which means a day on which the TARGET2 (Trans-European Automated Real-time Gross settlement Express Transfer) payment system is open for payments in EUR; or
- iii) such other days as set out in the Final Terms.

"Call Option" means that the Issuer may call the Bonds prior to the Maturity Date. The relevant Final Terms will specify how the Issuer may exercise such option.

"Calculation Agent" means the Issuer or such agent as may be stated in the applicable Final Terms.

"Closing Date" means the last day on which Bonds may be issued in the relevant ISIN as set out in the Final Terms.

"Date of Recording" means the day immediately prior to the Payment Date when the relevant securities depository is open for recording in the relevant currency.

"Day Count Fraction" means, in respect of the calculation of an amount of interest:

- i) if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms:
 - a. in the case of Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment

date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- b. in the case of Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - i. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - ii. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- iii) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date in the payment period divided by 360; and
- iv) any other day count fraction set out in the Final Terms

“**Denomination**” means the smallest unit into which the relevant Bonds may be divided and is set out in the Final Terms. It also is specified in the Final Terms whether the smallest trading unit of the relevant Bonds deviates from the Denomination.

“**Determination Date**” is set out in the Final Terms.

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including – when either the Interest Commencement Date or the final Payment Date is not a Determination Date – the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**DKK**” means Danish kroner, the lawful currency in Denmark at the time of the approval of the Base Prospectus.

“**EUR**” means euro, the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (as amended from time to time).

“**Fixed Rate Bond**” means a Bond on which interest is calculated at a fixed rate payable in arrears on one or more Payment Dates in each year, as specified in the applicable Final Terms.

“**Floating Rate Bond**” means a Bond on which interest is calculated at a floating rate, payable in arrears on one or more Payment Dates in each year, as indicated in the applicable Final Terms.

“**First Day of Listing**” means the first day on which the relevant ISIN is expected to be admitted to trading on a Regulated Market.

“**Interest Commencement Date**” means the date specified in the applicable Final Terms from and including which the Bonds bear interest, which may or may not be the Issue Date.

“**Interest Coupon**” means:

- i) with respect to Fixed Rate Bonds, the rate of interest on the Bonds expressed as a percentage rate per annum, as set out in the applicable Final Terms; and
- ii) with respect to Floating Rate Bonds, the aggregate of the Reference Rate and the Interest Rate Spread, each as set out in the applicable Final Terms.

“**Interest Rate Spread**” means the percentage per annum set out in the Final Terms. The Interest Rate Spread may be positive, negative or zero.

“**LEI**” is short for Legal Entity Identifier, which is a 20-digit code that uniquely identifies a legal entity participating in financial market transactions – across markets and legal systems.

“**Number of outstanding Bonds**” refers to where information on the number of outstanding Bonds can be found (as specified in the Final Terms). The number of outstanding Bonds may change throughout the term of the Bond.

“**Maturity Date**” means the day after the last day of the last Payment Period on which the relevant Bonds mature for redemption, as set out in the Final Terms.

“**Payment Dates**” means days on which the principal and/or the accrued interest for the preceding Payment Period fall(s) due for payment (together with redeemed amounts), as set out in the Final Terms.

“**Payment Period**” is defined by the first and the last day of such period, as set out in the Final Terms.

“**Place of Listing**” means the Regulated Market on which the Bonds are expected to be admitted to trading, as set out in the Final terms.

“**Place of Recording**” means the securities depository where the Bonds are recorded electronically in dematerialised form, as set out in the Final Terms.

“**Principal**” means the originally nominal amount of a Bond or the principal amount outstanding for the time being of that Bond.

“**Redemption Schedule**” means the method or timetable for redemption of the Bonds set out in the Final Terms, if elected.

“**Reference Rate**” means:

- i) the Copenhagen interbank offered rate (“**CIBOR**”);
- ii) the interest rate swap offered rate for the day-to-day rate (T/N-rate) against a fixed DKK interest rate (“**CITA**”);
- iii) the Euro-zone interbank offered rate (“**EURIBOR**”); or
- iv) such other reference rate specified in the Final Terms.

If the relevant CIBOR and/or CITA rate ceases to be quoted, or should the Issuer deem that the relevant CIBOR or CITA rate (as the case may be) no longer reflects the Danish reference rate market, the Issuer may determine the bond interest rate on the basis of another market-consistent reference rate.

If the relevant EURIBOR rate ceases to be quoted or if the relevant EURIBOR rate, in the Issuer’s opinion, no longer reflects the European money market, the Issuer may calculate the bond interest rate on the basis of market-consistent money market rates.

The Issuer may also determine the bond interest rate on the basis of another market-consistent reference rate, should one or more public authorities significantly dispute the use of the agreed Reference Rate as reference rate, or should the financial sector enter into an agreement with a public authority regarding the use of a reference rate other than the agreed Reference Rate.

If the Reference Rate as stated in the relevant Final Terms is no longer published or if the terms underlying the relevant Reference Rate change considerably, or if the Issuer finds that the agreed Reference Rate no longer reflects the relevant market for the relevant Reference Rate, the Issuer may (in good faith and in a commercially reasonable manner), if necessary, substitute the Reference Rate by a Substitute Reference Rate and determine an Adjustment Spread, if relevant.

Moreover, the Issuer may (in good faith and in a commercially reasonable manner) substitute the Reference Rate by a Substitute Reference Rate and determine an Adjustment Spread, if relevant, should one or more public authorities significantly dispute the use of the agreed Reference Rate as reference rate, or should a relevant financial sector enter into an agreement with a public authority about the use of a reference rate other than the agreed Reference Rate.

In the event of the above, the Issuer will (in good faith and in a commercially reasonable manner) make a choice based on the following options – in order of priority:

- i. If Danish and international participants essentially agree on a practice to replace the relevant Reference Rate that is no longer quoted, has been modified so it no longer reflects the relevant market or is materially non-reflective of the relevant market, the Issuer will follow this practice – including if such handling entails transition to another reference rate, which, in such case, will become a Substitute Reference Rate, possibly supplemented with an Adjustment Spread.
- ii. If there is no such agreement, the Issuer may ask one or more banks or other relevant financial participants to quote or offer advice on the choice of a Substitute Reference Rate, possibly supplemented with an Adjustment Spread.

- iii. If the contributing banks or other financial participants cannot indicate an appropriate Substitute Reference Rate, the Issuer will in good faith determine a Substitute Reference Rate and, if necessary supplemented with an Adjustment Spread.

“**Regulated Market**” means a market pursuant to article 4(1)(21) of Directive 2014/65/EU of the European Parliament and of the Council dated 15 May 2014 on markets for financial instruments, as amended.

“**Relevant Date**” means the date on which such payment first becomes due.

“**Substitute Reference Rate**” may in some cases substitute the Reference Rate – see “Reference Rate”. The Substitute Reference Rate may be positive, negative or zero. The Issuer will, in such a situation, choose a Substitute Reference Rate. When choosing a Substitute Reference Rate, the Issuer will act in good faith and in a commercially reasonable manner while safeguarding to the extent possible that Bondholders are placed in the same situation as if the Reference Rate had been available. If so required, an Adjustment Spread will be added or subtracted for that purpose.

“**Sub-Unit**” means, with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency and with respect to euro, one cent.

“**Tax Jurisdiction**” means Denmark or any political subdivision or any authority thereof or therein having the power to tax (in the case of payments by the Issuer).

“**VP**” means VP Securities A/S (branded as “Euronext Securities Copenhagen”), Nicolai Eigtveds Gade 8, DK- 1402 Copenhagen K, Denmark, CVR no: 21 59 93 36.

“**Zero Coupon Bond**” means a Bond on which no coupon is payable until maturity.

5.4 Status of the Bonds

5.4.1 Issue of Bonds from capital centres and in general

The Issuer issues Bonds from Capital Centre A or from the Institute in General. The Final Terms states from which capital centre each specific ISIN is issued. Any new capital centres may be covered by the Base Prospectus by means of addenda supplements.

Any claims by the Bondholders with respect to the Bonds may only be made against the capital centre in which the specific ISIN is issued.

The Issuer determines the opening of other ISIN codes in the respective capital centres. The Issuer also determines when to transfer funds to the respective capital centres.

The Issuer is entitled at any time, and without notice to and consent from the relevant Bondholders, to separate and transfer to another capital centre Bonds covered by this Base Prospectus, any securities as well as any relevant derivative agreements. The separation or transfer presupposes that the rating, if any, of the Bonds in question with a credit rating agency is not lowered in connection with the separation or transfer.

5.4.2 SCBs and SMBs

- i) The SCBs and SMBs constitute unconditional and unsubordinated obligations of the Issuer. The SCBs and the SMBs are covered bonds, pursuant to the Act’s Sections 2d and 2a, respectively. SCBs are issued through the Capital Centre A and SMBs through the Institute in General, in accordance with the applicable legislation. The Issuer may, at any time and without notice, separate and transfer SCBs and SMBs as well as any attached financial instruments to another capital centre.
- ii) In the event of bankruptcy of the Issuer, holders of SCBs and SMBs and certain counterparties to financial contracts with preferential treatment will have a preferential right (after deduction of expenses relating to the bankruptcy estate and similar expenses) to all the assets in the capital centre through which the SCBs and the SMBs are issued. If the capital centres do not have sufficient assets to satisfy the claims of the holders of SCBs and SMBs, the residual claims of the holders of SCBs and SMBs will rank *pari passu* with residual claims of the holders of SMBs and financial contracts with preferential treatment in the Institute in General and prior to the Issuer’s unsecured creditors (pursuant

to Section 97 of the Danish Bankruptcy Act), but subsequent to other preferential creditors (pursuant to Sections 94-96 of the Danish Bankruptcy Act).

- iii) SMBs can be issued by the Institute in General or any applicable new capital centres established by the Issuer. SCBs can be issued by Capital Centre A or any new capital centres established by the Issuer. Any new capital centre may become subject to this Base Prospectus through the issuance of a supplement to this Base Prospectus.

5.4.3 Senior Secured Bonds

- i) The Senior Secured Bonds constitute unconditional obligations of the Issuer. The Senior Secured Bonds are secured claims against the capital centre it is allocated to pursuant to Section 2j of the Act and are issued through a capital centre in accordance with the Act.
- ii) In case of the Issuer's bankruptcy, the Senior Secured Bonds provide their holders with a secondary preferential right for payment against the Issuer in respect of all assets in the capital centre through which they are issued. In addition, any residual claim against the Institute in General will be treated as an unsecured claim in respect of the assets of the Institute in General that will be available for distribution in the case of bankruptcy, in accordance with Section 97 of the Danish Bankruptcy Act.
- iii) Senior Secured Bonds can be issued by Capital Centre A, the Institute in General or any new capital centres established by the Issuer.

5.5 Interest

The applicable Final Terms will indicate whether the Bonds are Fixed Rate Bonds, Floating Rate Bonds or Zero Coupon Bonds, and, if relevant, the conditions for switching the interest basis of the Bonds.

5.5.1 Fixed Rate Bonds

- i) Each Fixed Rate Bond bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Coupon. Interest will be payable in arrears on the Payment Date(s) in each year up to (and including) the Maturity Date.
- ii) Interest shall be calculated in respect of any period by applying the Interest Coupon to the aggregate outstanding nominal amount of the relevant Fixed Rate Bonds and, in each case, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-Unit of the relevant specified currency, half of any such Sub-Unit being rounded upwards or otherwise, in accordance with applicable market convention.

5.5.2 Floating Rate Bonds

Each Floating Rate Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on the Payment Date(s) in each year specified in the applicable Final Terms. Such interest will be payable in respect of each Payment Period.

- i) Minimum Interest Coupon and/or Maximum Interest Coupon: If the applicable Final Terms specify a "Minimum Interest Coupon" for any Payment Period, then, in the event that the Interest Coupon in respect of such Payment Period is less than such "Minimum Interest Coupon", the Interest Coupon for such Payment Period shall be such "Minimum Interest Coupon". If the applicable Final Terms specify a "Maximum Interest Coupon" for any Payment Period, then, in the event that the Interest Coupon in respect of such Payment Period above is greater than such "Maximum Interest", the Interest Coupon for such Payment Period shall be such "Maximum Interest Coupon".
- ii) Negative Interest Coupon: If in a Payment Period, the Interest Coupon is lower than zero, the Issuer will have a claim against the Bondholders equal to the absolute value of the Interest Coupon. The claim in the event of a negative Interest Coupon falls due on the Payment Date of the relevant Payment Period.
- iii) Determination and calculation of the Interest Coupon: The Interest Coupon is calculated by the Issuer. The Interest Coupon may be positive, negative or zero, and is rounded to four decimals. The Issuer will, at or as soon as practicable after each time at which the Interest Coupon is to be determined, determine the Interest Coupon for the relevant Payment

Period. The Issuer will calculate the amount of interest payable on the Floating Rate Bonds for the relevant Payment Period by applying the Interest Coupon to the aggregate outstanding nominal amount of the relevant Floating Rate Bonds, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-Unit of the relevant currency, half of any such Sub-Unit being rounded upwards or otherwise, in accordance with applicable market convention.

- iv) Fixing methods: The Interest Coupon of Floating Rate Bonds in the same ISIN code may be reset on the basis of one of the following fixing methods, as set out in the Final Terms:
 - a. [x] last Banking Day: An Interest Rate Spread is added to the Reference Rate quoted on the [x] last Banking Day before the beginning of a new Payment Period. The Interest Rate Spread may be negative. The Interest Coupon calculated accordingly will be the bond interest rate for the subsequent fixing period; or
 - b. Such other fixing method as may be set out in the applicable Final Terms.
- v) Notification of Interest Coupon: The Issuer will cause the Interest Coupon for each Payment Period and the relevant Payment Date to be notified to any stock exchange on which the relevant Floating Rate Bonds are for the time being listed and notice thereof to be published in accordance with Condition 5.15 (Notices) as soon as possible after their determination but in no event later than the fourth Danish Banking Day thereafter. Each Interest Coupon so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Payment Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Bonds are for the time being listed and to the Bondholders, in accordance with Condition 5.15 (Notices), as soon as possible.
- vi) Certificates to be final: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5.2 shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer and all Bondholders and (in the absence of wilful default or bad faith) no liability to the Bondholders shall attach to the Issuer or in connection with the exercise or non-exercise by it of its powers, duties and discretions, pursuant to such provisions.

5.5.3 Information about the past and the future performance of the underlying

Information about past and future performance of the Reference Rate and its volatility will, to the extent available, be specified in the applicable Final Terms.

5.5.4 Accrual of interest

Each Bond (or in the case of the redemption of part only of a Bond, that part only of such Bond) will cease to bear interest (if any) from and including the Maturity Date, or the date for its redemption if earlier than the Maturity Date.

Addition and accrual of interest may be adjusted as a result of changes in market conventions.

5.6 Redemption and Purchase

5.6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Bond will be redeemed by the Issuer on the Maturity Date or in accordance with the Redemption Schedule specified in the applicable Final Terms.

5.6.2 Redemption due to a negative Interest Coupon

If in a Payment Period, the Interest Coupon of a Floating Rate Bond is at any time below zero and this results in the Issuer having a claim against the Bondholders equal to the absolute value of the Interest Coupon, in accordance with paragraph (ii) of Clause 5.5.2 (Floating Rate Bonds), then the Issuer will be entitled, but not required, to redeem the Bonds (in whole or in part) for settlement at the “Early Redemption Amount” specified in the applicable Final Terms, equivalent to a value of the negative Interest Coupon.

5.6.3 The Issuer's redemption

The Final Terms may provide that the Issuer may, in specified circumstances, redeem the Bonds prior to the Maturity Date (“Call Option”).

5.6.4 Redemption for tax reasons, changes in law or changes in market conditions

Bonds may be redeemed in whole, but not in part, at any time at the option of the Issuer (if this Bond is not a Floating Rate Bond) or on a Payment Date (if this Bond is a Floating Rate Bond), on giving not less than 15 days nor more than 45 days of notice to the Bondholder and in accordance with Condition 5.15 (Notices), (which notice shall be irrevocable), if:

- i) on the occasion of the next payment date due under the Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph (iii) of Condition 5.10 (Taxation) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Bond in the ISIN for the first time and such obligation cannot be avoided by the Issuer taking reasonable measures available to it provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts should a payment in respect of the Bonds then be due; and/or
- ii) the terms of the loans financed by the Bonds are changed as a result of legislative amendments, orders issued by the authorities and/or changes in market conditions;

Bonds redeemed pursuant to this Condition 5.6.4 will be redeemed at their “Early Redemption Amount” specified in the applicable Final Terms with interest accrued to (but excluding) the date of redemption.

5.6.5 Cancellation

All Bonds that are redeemed by the Issuer will forthwith be cancelled.

5.7 Issuer's acquisition of Bonds

The Issuer and any of the Issuer's subsidiaries and affiliates may at any time purchase Bonds (or part thereof) in the open market and at any price prior to their maturity and keep such Bonds or cancel them.

5.8 Payments

- i) The Issuer pays interest and redemption amounts to the Bondholders by transferring, on the due date, the funds to (accounts with banks, payment agents, securities brokers, etc. designated by the account-holding bank to) a central securities depository and/or clearing bank.
- ii) The Bondholders' payments to the Issuer prompted by the negative Interest Coupon will be made through set-off upon the due date of the Payment Period.
- iii) The payment collection method reflects the current technical solution in the relevant securities depository. If the relevant securities depository materially changes its technical solution, the Issuer may change its payment collection method accordingly. In that case, the Issuer will update the Base Prospectus by issuing a supplement or a new Base Prospectus.
- iv) If a “Banking Day Convention” is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Payment Date would otherwise fall on a day that is not a Banking Day, then, if the “Banking Day Convention” specified is:
 - a. the “Following Banking Day Convention”, such Payment Date shall be postponed to the next day that is a Banking Day; or
 - b. the “Modified Following Banking Day Convention”, such Payment Date shall be postponed to the next day that is a Banking Day unless it would thereby fall into the next calendar month, in which event such Payment Date shall be brought forward to the immediately preceding Banking Day; or
 - c. the “Preceding Banking Day Convention”, such Payment Date shall be brought forward to the immediately preceding Banking Day.

- v) If the date for payment of any amount in respect of any Bond is not a Payment Date, the holder thereof shall not be entitled to payment until the next following Payment Date in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.
- vi) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required, pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”), or otherwise imposed, pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.9 Transferability of Bonds

The Bonds are freely transferable and are not subject to any restrictions on transfer.

5.10 Taxation

- i) The Issuer does not accept any liability for taxes withheld or for collection of withholding taxes or other taxes irrespective of where the Bonds are recorded electronically in dematerialised form.
- ii) If (i) “Tax Gross Up” is specified as being non-applicable in the applicable Final Terms, and (ii) the Issuer is obliged to withhold tax or collect withholding tax pursuant to rules introduced after the Bonds have been issued, the Issuer will be obliged to withhold or collect such taxes, and the Issuer will not be obliged to pay any additional amounts to Bondholders, nor will the Issuer accept liability for any deduction in the amount disbursed to Bondholders.
- iii) If “Tax Gross Up” is specified as being applicable in the applicable Final Terms, then all payments of principal and interest in respect of the Bonds by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the respective amounts of principal and interest that would otherwise have been receivable in respect of the Bonds, in the absence of such withholding or deduction; except that no such additional amounts shall be payable where it is excluded in the applicable Final Terms.

5.11 Events of default

5.11.1 SCBs, SMBs and Senior Secured Bonds

- i) Holders of SCBs, SMBs and Senior Secured Bonds may not rely on the issuance of a bankruptcy order against the Issuer as grounds for acceleration of payments by the Issuer. Correspondingly, a bankruptcy order against the Issuer will not bar the Issuer's borrowers in respect of loans funded by the SCBs and SMBs from prepaying their mortgage loans in full or in part, in accordance with the payment terms of the relevant loans.
- ii) The bankruptcy estate cannot meet a payment obligation prior to the pre-determined due date, thereby discharging itself from such obligation.
- iii) The Issuer's failure to fulfil its obligation to provide supplementary collateral does not constitute an event of default.

5.12 Prescription

Claims for payment under the Bonds become time-barred, pursuant to the Danish Act on Limitations, as amended (in Danish: *lov nr. 1238 af 9. november 2015 om forældelse af fordringer (forældelsesloven)*). Claims for principal payments become statute-barred after 10 years and claims for interest payments become statute-barred after 3 years from the date on which the creditor has a claim for payment pursuant to section 2 of the Danish Act on Limitations.

5.13 Additional issues

- i) The Issuer has the right to, from time to time and without the consent of the Bondholders, to create and issue further Bonds having terms and conditions the same as the Bonds or the same in all respects save for the amount and date of the

first payment of interest thereon and the date from which interest starts to accrue, and that the same shall be consolidated and form a single ISIN code with the outstanding Bonds.

- ii) If a Closing Date has been elected in the applicable Final Terms, the Issuer is entitled to close an ISIN code for further Bond issuance at any date before the stated Closing Date.

5.14 Conflicts of interest

With respect to the Bonds, the stakeholders are the borrowers in respect of loans funded by the SCBs and SMBs, the Bondholders, the Issuer and public authorities.

The Issuer is not aware of any interests and/or conflicts of interest of importance to the offering of the Bonds. Any interests and/or conflicts of interest that are of significant importance to the Issuer in connection with bond issuance, including a specification of the persons involved and the nature of the interest, will be described in the Final Terms.

5.15 Notices

All notices regarding the Bonds will be deemed to be validly given if such notices are duly published in a manner that complies with the rules and procedures of VP or another central securities depository with which the Bonds are registered together with the rules of any Regulated Market on which the Bonds are, for the time being, listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

5.16 Representation of Bondholders

The terms applying to Bonds issued under this Base Prospectus do not contain any provisions on representation of the Bondholders.

5.17 Governing law and venue

5.17.1 Governing law

The Bonds are governed by and shall be construed in accordance with Danish law.

5.17.2 Submission to jurisdiction

- i) The Danish courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Bonds, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity (a “**Dispute**”) and all Disputes will be submitted to the exclusive jurisdiction of the Danish courts.
- ii) For the purposes of this Condition 5.17.2, each of the Issuer and any Bondholders taking proceedings in relation to any Dispute waives any objection to the Danish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

5.18 The Issuer’s liability for damages

- i) The Issuer will be liable for damages resulting from any delay or default in performing its obligations if such delay or default is due to error or negligence.
- ii) Even in areas where stricter statutory liability applies, the Issuer is not liable for losses due to:
 - a. Interruption/lack of access to IT systems or damage to the data of these systems that can be attributed to the events below, regardless of whether the Issuer or an external supplier is responsible for the operation of the systems;
 - b. failures in the Issuer's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, pandemics, war, insurrection, civil unrest, sabotage, terrorism or vandalism (including cyber attacks or incidents such as computer viruses and hacking), strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by the Issuer or its organisation and regardless of the reason for the conflict (this shall also apply where the conflict only affects part of the Issuer or its organisation); and
 - c. other circumstances beyond the Issuer's control.

- iii) The Issuer's exemption from liability does not apply if:
 - a. The Issuer should have anticipated the circumstance causing the loss when this Base Prospectus was published or Bonds were issued or should have avoided or overcome the cause of the loss; or
 - b. The Issuer is liable for the circumstance causing the loss, pursuant to Danish law.

6 Template for Final Terms

Below is shown a template for the Final Terms applicable to the issue of Bonds under the Base Prospectus. Text in italics in the below template indicates instructions on how to fill out the field.

**Final Terms dated [●]
Danish Ship Finance A/S
LEI code: 549300T70JXFWEXCK295
Business Reg. No. (CVR-nr.): 27492649
("The Issuer")**

For the issue of [Ship Covered Bonds (SCB)/Ship Mortgage Bonds (SMB)/Senior Secured Bonds]

These final terms ("**Final Terms**") shall only apply to [Ship Covered Bonds (SMB)/Ship Mortgage Bonds (SMB)/Senior Secured Bonds] issued in the ISIN code stated below (the "**Bonds**"). The Bonds are issued according to the Issuer's base prospectus for the issue of Ship Covered Bonds ("**SCB**"), Ship Mortgage bonds ("**SMB**") and bonds issued, pursuant to Section 2j of the Act ("**Senior Secured Bonds**") dated on 11 July 2023 and any supplement to this base prospectus (the "**Base Prospectus**").

Together with the terms of the bonds in the Base Prospectus section 5 "TERMS AND CONDITIONS", these Final Terms constitute the terms of the issued Bonds.

The total prospectus for the Bonds consists of the Base Prospectus and the Final Terms. Definitions stated in these Final Terms shall be understood in accordance with the definitions in section 5 "TERMS AND CONDITIONS" of the Base Prospectus. Definitions stated elsewhere in the Base Prospectus will have the same meaning in the Final Terms unless otherwise stated by the context.

The Issuer declares that:

- the Final Terms were prepared according to the Prospectus Regulation and must be read in connection with the Base Prospectus in order to obtain all relevant details about the Bonds
- the Base Prospectus, including any supplements, has been made available electronically on the Issuer's website www.shipfinance.dk
- the Base Prospectus, including any supplements, and the Final Terms must be read in order to obtain all information
- [the summary of the Bonds has been attached as Appendix A to these Final Terms.] [*The reference to the summary is to be removed in the event it is not relevant to the specific issue*]

MiFID II product management/target markets

[MiFID II product governance / Retail investors, professional investors and eligible counterparties target market

Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/54/EU (as amended) ("**MiFID II**"); EITHER [(ii) all channels for distribution of the Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's (as defined below) suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration [the/each] manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]

[UK MiFIR product governance / Retail investors, professional investors and eligible counterparties target market

Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; EITHER [and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management,

non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services]], subject to the distributor's (as defined below) suitability and appropriateness obligations under COBS, as applicable]]. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable.]

[MIFID II product governance / Professional investors and eligible counterparties only target market

Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/54/EU (as amended) (“**MiFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration [the/each] manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and eligible counterparties only target market

Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [Details of any negative target market to be included if applicable]. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Prohibition of Sales to EEA Retail Investors

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[Prohibition of Sales to United Kingdom Retail Investors

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation (as defined below) as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.]

Bond type	[SMBs/SCBs/ Senior Secured Bonds]
ISIN	[•]
Trading	[Nasdaq Copenhagen A/S] [<i>name of other Regulated Market</i>] [The bonds are not intended for trading and official listing]
First day of listing	[[•](<i>First day the Bonds are admitted to trading and possibly listed on a Regulated Market</i>)] / [The bonds are not admitted to trading and official listing]
Currency	[DKK/EUR/•]
Denomination	[•]/[All trades in Bonds as well as the initial subscription must be made in trading units of at least [minimum trading unit.] A Bondholder who, as a result of trading in such trading units, holds Bonds of a value which is less than [minimum trading unit] in its custody account with the relevant settlement system will not be able to sell the remainder of such holding without first purchasing Bonds of a nominal value of or in excess of [minimum trading unit], such that its holding will amount to or exceed [minimum trading unit]]
Issue Price	[•] percent of the Principal [plus accrued interest from [•]]
Issue Date	[•]
Number of interest Payment Dates per year	[•]
Principal	[•]
Number of outstanding Bonds	[The number of outstanding Bonds will be announced regularly at Nasdaq Copenhagen A/S' website: www.nasdaqomxnordic.com] [<i>other regulated or similar markets where bonds of the same ISIN have already been admitted to trading</i>]
Interest Basis	[Fixed Rate Bonds][Floating Rate Bonds][Zero Coupon Bonds]. [<i>(if applicable, description of the conditions to switch between fixed, zero and floating rates until maturity).</i>]
Interest Coupon	[[] percent per annum Fixed Rate] [Reference Rate + Interest Rate Spread percent Floating Rate] [Zero Coupon]
Reference Rate	[Not applicable][month [[currency] EURIBOR/CIBOR/CITA] [•][[currency] EURIBOR/CIBOR/CITA] is provided by [<i>legal name of benchmark administrator</i>] (the " Administrator "). On the date of these Final Bond Terms, the Administrator is [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority, in accordance with Article 36 of Regulation (EU) 2016/1011 (the " Benchmarks Regulation "). [As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply, and the Administrator is not currently required to obtain authorisation or registration.] [As far as the Issuer is aware, [<i>specify benchmark (as this term is defined in the EU Benchmarks Regulation)</i>] [does not fall within the scope of Regulation (EU) 2016/1011 by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply] such that [<i>legal name of the benchmark administrator</i>] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

[Information about the past and the future performance of the Reference Rate and its volatility can be obtained at *[insert relevant information]*.]

Interest Rate Spread(s)	[Not applicable][•]
Minimum Interest Coupon	[Not applicable][•]
Maximum Interest Coupon	[Not applicable][•]
Fixing methods	[Not Applicable][[x] last Banking Day][•]
Day Count Fraction	[30/360] [Actual/Actual (ICMA)][Actual/360][•]
Determination Date	[•]
Interest Commencement Date	[•]
Banking Day	[Danish Banking Day] [TARGET2 Banking Day] [•]
Banking Day Convention	[Following Banking Day Convention]/[Modified Following Banking Day Convention]/[Preceding Banking Day Convention]/[Not Applicable]
First bond coupon	First bond coupon is [•]%. The first interest period runs from and including [•] to [•].
Effective interest rate	[•]/[The effective interest rate cannot be provided as the Bonds are issued on tap, and the effective interest rate depends on the price and the transaction date.]
Interest rate floor/cap	[Insert description].
Price at redemption	[Not applicable] [100] [Market price] [other description]
Amortisation	The Bond is a [bullet loan/ annuity loan/ serial loan/ or other amortisation]. The Issuer may make an extraordinary redemption prior to the maturity date if the interest becomes negative in the payment period.
Payment Dates	[•]
Payment Period	[•]
Redemption dates	[Not applicable] [The first redemption date is on [•]. Subsequent redemption may take place annually on each payment date [•]].
Termination	[Not applicable] [The Bonds are convertible and may be terminated for expiry on a payment date in the event of the borrower's extraordinary redemption.] [The Bonds are non-terminable by the creditor.]
Opening date	[•]
Closing Date	[•] (<i>last date for which the ISIN is open for issuance</i>)
Maturity Date	[•]

Value date	[In general, when the Bonds are traded, the value date is two banking days, but exceptions may be made.]
Calculation Agent	[Issuer] [•]
Restrictions on the individual investor's right to subscribe for the Bonds	[•]
Place of Recording	[VP Securities A/S Nicolai Eigtveds Gade 8 1402 Copenhagen K Denmark] [name and address of other central securities depository]
Names and addresses of the financial intermediaries	[•]
Access to information on Bondholders	[Yes][No]
Rating	[Yes] [No][the bonds being issued [are expected/not expected to be] rated by [•]
Early Redemption Amount	[Not applicable][•]
Issuer Call	[Applicable][<i>terms for exercise of Call Option</i>] / [Not applicable]
Redemption Schedule	[Not Applicable][•]
Tax Gross Up	[Applicable][Not Applicable]
Terms and conditions	Together with section 5 "TERMS AND CONDITIONS" of the "Base Prospectus for Danish Ship Finance A/S Bond Programme", including the related supplements or appendices, these Final Terms constitute the terms and conditions for the issued Bonds.
General terms	[•]
Conflicts of interest	[Yes/No] [<i>Insert description</i>].
Authorisation regarding issue	[•]
Prohibition of sales to EEA Retail Investors	[Applicable][Not Applicable]
Prohibition of sales to UK Retail Investors	[Applicable][Not Applicable]
Estimate of expenses related to admission to trading	[Cannot be specified as it depends on the amount of Bonds in circulation of the ISIN code which depends on the demand of the borrowers][The costs shall not be covered by purchasers of the Bonds] [•]

CFI-code for the Bonds [•]

FISN-code for the Bonds [•]

These Final Terms are signed on behalf of the Issuer:

Name:

Name:

7 Information incorporated in the Base Prospectus by reference

The Base Prospectus should be read and understood in connection with the following documents that are incorporated in the Base Prospectus by reference:

- i) The Issuer's audited financial annual reports for the financial years ending 31 December 2022 (the "**Danish Ship Finance 2022 Annual Report**") and 31 December 2021 (the "**Danish Ship Finance 2021 Annual Report**"), to which page references are made in the tables below;
- ii) Pages 27-36 in the Issuer's Base Prospectus of 11 July 2022 for the offering of covered bonds and ship mortgage bonds and addenda to this, which were previously published and registered with the DFSA (which can be viewed online at: <https://www.skibskredit.dk/media/2220/dsf-base-prospectus-2022-final.pdf>);
- iii) Pages 28-37 in the Issuer's Base Prospectus of 9 July 2021 for the offering of covered bonds and ship mortgage bonds and addenda to this, which were previously published and registered with the DFSA (which can be viewed online at: <https://www.skibskredit.dk/media/2130/base-prospectus-2021-danish-ship-finance-as.pdf>);
- iv) Appendix 2 (Terms & Conditions) (pages 86-10) of the Issuer's Base Prospectus of 4 October 2017 for the offering of covered bonds, ship mortgage bonds, senior secured bonds and senior unsecured debt and addenda to this, which were previously published and registered with the DFSA (which can be viewed online at: <https://www.skibskredit.dk/media/1744/basisprospekt-26-oktober-2017.pdf>);
- v) Paragraphs 6.4-6.7 (pages 34-38) and pages 44-46 of the Issuer's Base Prospectus of 24 August 2009 for bonds issued by the Issuer and addenda to this, which were previously published and registered with the DFSA (which can be viewed online at: <https://www.skibskredit.dk/media/1354/basisprospekt20092pdf-nr-19.pdf>);
- vi) The Articles of Association of the Issuer; and
- vii) the Danish Ship Finance 2022 Risk Report (which can be viewed online at <https://www.skibskredit.dk/media/2306/dsf-risk-report-2022.pdf>);

Information in the above-mentioned documents is deemed to be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document that is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. Any documents or information themselves incorporated by reference, or cross-referred to, in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus unless also separately incorporated by reference above. In each case where only certain sections of a document referred to above are incorporated by reference in the Base Prospectus, the parts of the document that are not incorporated by reference are either not relevant to prospective investors in the Bonds or are covered elsewhere in this Base Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents that are incorporated in whole or in part by reference herein. Written or oral requests for such documents should be directed to the Issuer at its principal office set out at the end of this Base Prospectus.

Audited annual report for the Issuer, financial year 2022

Statement by the Management on the annual report	page	92
Independent auditor's report	pages	93-96
Income statement	page	51
Balance sheet	page	52
Statement of changes in equity	page	53
Notes	pages	54-90

Link to the Annual Report for 2022: [dsf-annual-report-2022.pdf \(skibskredit.dk\)](https://www.skibskredit.dk/media/2220/dsf-annual-report-2022.pdf)

Audited annual report for the Issuer, financial year 2021

Statement by the Management on the annual report	page	90
Independent auditor's report	pages	91-94
Income statement	page	48
Balance sheet	page	49
Statement of changes in equity	page	50
Notes	pages	51-88

Link to the Annual Report for 2021: <https://www.skibskredit.dk/media/2195/ds-annual-report-2021.pdf>

8 Use of proceeds

8.1 SCBs and SMBs

The net proceeds from each issue of SCBs and SMBs will be used by the Issuer to make loans secured against ship mortgages.

The Issuer may issue the SCBs and SMBs prior to the need to fund loans (pre-funding). The net proceeds from the issuance of SCBs can be invested in assets permissible according to CRR, Article 129. The net proceeds from the issuance of SMBs may, in accordance with the Act, be invested in secure and liquid securities.

It is not relevant to state total expected net proceeds from issues under this Base Prospectus as the volume of the bond issues will depend on the development of the Issuer's business.

8.2 Senior Secured Bonds

Senior Secured Bonds can be issued for the purpose of providing supplementary collateral for SCBs issued from Capital Centre A or with a view to building up overcollateralisation in support of SCBs issued from Capital Centre A or SMBs issued from the Institute in General.

The net proceeds from the issuance of Senior Secured Bonds can also be invested in assets permissible according to Article 129 of the CRR.

9 About the Issuer

9.1 Background

Danish Ship Finance was originally founded on 6 June 1961 as Danmarks Skibskreditfond (Denmark's Ship Credit Fund) by Danish banks, insurance companies, shipping companies, shipyards – represented by their trade associations – and Danmarks Nationalbank (the Danish Central Bank) to commence ship financing operations. No capital was originally contributed to Danmarks Skibskreditfond, but the members of the four above-mentioned trade associations and Danmarks Nationalbank subscribed for the foundation's guarantee capital.

The objective of establishing Danmarks Skibskreditfond was to create a permanent source of funding for Danish shipowners and new built vessels from Danish shipyards and thereby provide a financial foundation for the ongoing development of the Danish maritime sector. This main objective still applies as at the date of this Base Prospectus.

Until the mid-1990s, Danmarks Skibskreditfond was engaged in the financing of vessels built by Danish shipyards. Since 1997, the mandate has been gradually extended to the financing of vessels that are neither built in Denmark nor owned by Danish shipowners.

In 2005, Danmarks Skibskreditfond was converted into a public limited liability company (in Danish: *aktieselskab*). The conversion was effected via a merger with a 100% owned subsidiary, which continued as the surviving company. The merger between Danmarks Skibskreditfond and Danish Ship Finance was based on the framework agreement dated 17 January 2005 between Danmarks Skibskreditfond, the Danish Ministry of Economic and Business Affairs and Danmarks Nationalbank. The agreement laid down the framework for the conversion of Danmarks Skibskreditfond into a public limited company. The main objective of the conversion was to reform the framework for the Company's future operations, including a partial adjustment of the provisions to match those applicable to other financial institutions. As a consequence of the conversion, DKK 8,343 million of the equity of the Issuer was encapsulated in the form of a tied-up reserve capital that cannot be distributed to the shareholders or any others.

In 2015, the Board of Directors of Danish Ship Finance initiated a review of the company's future strategic direction. As part of this process, the majority of shares (86.6%) in Danish Ship Finance was sold to a consortium consisting of Axcel, PKA and PFA (each as defined below). The consortium owns 86.6% of Danish Ship Finance via Danish Ship Finance Holding A/S ("**Danish Ship Finance Holding**"). See Section 9.2.2 (*Ownership structure*) below. The Danish Maritime Fund still owns 10% of the share capital in Danish Ship Finance, while the remaining 3.4% is owned by minority shareholders.

9.2 The Issuer

The Issuer is a privately held Denmark-based public limited liability company (in Danish: *aktieselskab*) that operates under Danish law.

The registered name of the Issuer is Danmarks Skibskredit A/S. The Issuer also operates under the following secondary names:

- Danish Ship Finance A/S
- Danmarks Skibskreditfond A/S
- Dansk Skibsfinansiering A/S

The Issuer, which was incorporated on 22 December 2003, is registered with the Danish Business Authority under the business registration no. (CVR-nr.) 27 49 26 49. The Issuer's LEI code is: 549300T70JXFWEXCK295. The Issuer's GIIN no. is: Q8HZ6L 99999 SL 208.

The objective of the Issuer is to provide ship financing in Denmark. In addition, in accordance with Article 2 of the Articles of Association of Danish Ship Finance, Danish Ship Finance provides ship financing on the international market, provided that such activities do not unnecessarily limit Danish Ship Finance's Danish operations.

The Issuer is domiciled in Copenhagen. The Issuer's municipality of residence is Copenhagen. The Issuer is governed by Danish law and is registered in Denmark. The address and telephone number for the Issuer's registered office is:

Danish Ship Finance A/S
Sankt Annae Plads 3
DK- 1250 Copenhagen K
Telephone: (+45) 33 33 93 33

Email: Danish@shipfinance.dk

Website: www.shipfinance.dk (the information stated on the website shall not constitute part of the Base Prospectus unless the information is incorporated in the Base Prospectus by reference).

9.2.1 Share capital

The Issuer's share capital is DKK 333,333,334, divided into shares of DKK 1, corresponding to the Issuer having issued 333,333,334 shares. The share capital is fully paid up. The shares are divided into two share classes. The class A shares in the nominal amount of DKK 300,000,000 are held by Danish Ship Finance Holding and a small number of minority shareholders. The class B shares in the nominal amount of DKK 33,333,334 are held by Den Danske Maritime Fond (the Danish Maritime Fund).

The two classes of shares differ with respect to voting and dividend rights. Class A shares carry 10 votes each at the Issuer's general meeting, whereas class B shares carry one vote each. Furthermore, before any dividends are distributed to all of the shareholders, the class B shareholder will receive a preferential dividend of 15% of the Issuer's annual profit after tax provided that Den Danske Maritime Fond (the Danish Maritime Fund) owns the class B shares. However, dividend payments to the class B shareholder must not exceed a maximum amount corresponding to 1% of the Issuer's tied-up reserve capital. If the Issuer records a loss after tax in any one year, such loss will be deducted when calculating the basis for distributing preference dividends to the class B shareholder the following year. Similarly, the class A shareholders will not receive any dividends or distributions in connection with a capital reduction until the tied-up reserve capital used, in whole or in part, to cover prior-year losses has been fully restored.

The shares are issued to named holders and recorded in the Issuer's register of shareholders.

No share certificates are issued.

According to article 3.3 of the Issuer's Articles of Association, any transfer of shares is subject to the consent of the Board of Directors.

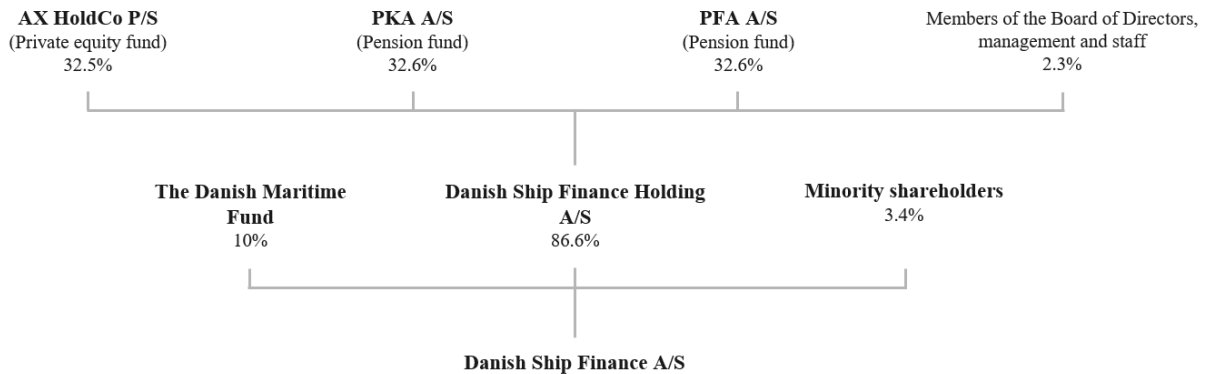
9.2.2 Ownership structure

The Issuer is a subsidiary of Danish Ship Finance Holding ("DSH"), which holds 86.6% of the shares. In addition, Den Danske Maritime Fond (the Danish Maritime Fund) holds 10% of the shares, while the remaining 3.4% is held by a small number of minority shareholders.

DSH is a holding company, mainly owned by Axcel (AX IV HoldCo P/S), PFA Pension, forsikringsaktieselskab and PKA (The Social Workers', Social Pedagogues' and Office Staff Pension Fund, the Healthcare Professionals' Pension Fund and the State Registered Nurses' and Medical Secretaries' Pension Fund) (each of whom owns around 33% of the share capital of Danish Ship Finance Holding). Members of the Board of Directors, Executive Board of Danish Ship Finance Holding and Danish Ship Finance and employees of Danish Ship Finance hold 2.3%.

The Issuer currently has no subsidiaries but may take over companies from time to time in the course of restructuring and settling non-performing loans.

OWNERSHIP STRUCTURE



The Issuer does not depend on other entities in the group to carry out its principal activities.

The Act and the Danish Companies Act (in Danish: *selskabsloven*) lay down the rules to prevent abuse by a major shareholder of a controlling interest. The Issuer has not taken any special precautions to prevent DSH's abuse of its controlling interest in the Issuer.

The Issuer is aware of DSH having issued Tier 2 capital instruments, which, under certain conditions (if the Common Equity Tier 1 is lower than 7%), may be converted into shares in DSH, which may result in a change of control of DSH and, thus, indirectly of the Issuer.

The Issuer is aware that the shareholders in DSH have entered into a shareholders' agreement that may subsequently, under certain circumstances, result in a change of control of DSH and, thus, indirectly of the Issuer.

The Issuer is aware that the current owners of DSH have publicly stated that they have begun a strategic review of the future ownership of DSH and, thus indirectly of the Issuer.

9.2.3 The Issuer's approved business areas

The Issuer has been permitted by the DFSA to perform activities as a ship finance institute according to the Act. The Issuer's cross-border activities may in some cases require separate regulatory license, exemption from license or permission. The Issuer may rely on external counsel to identify or interpret such requirements.

9.2.4 Area of activity

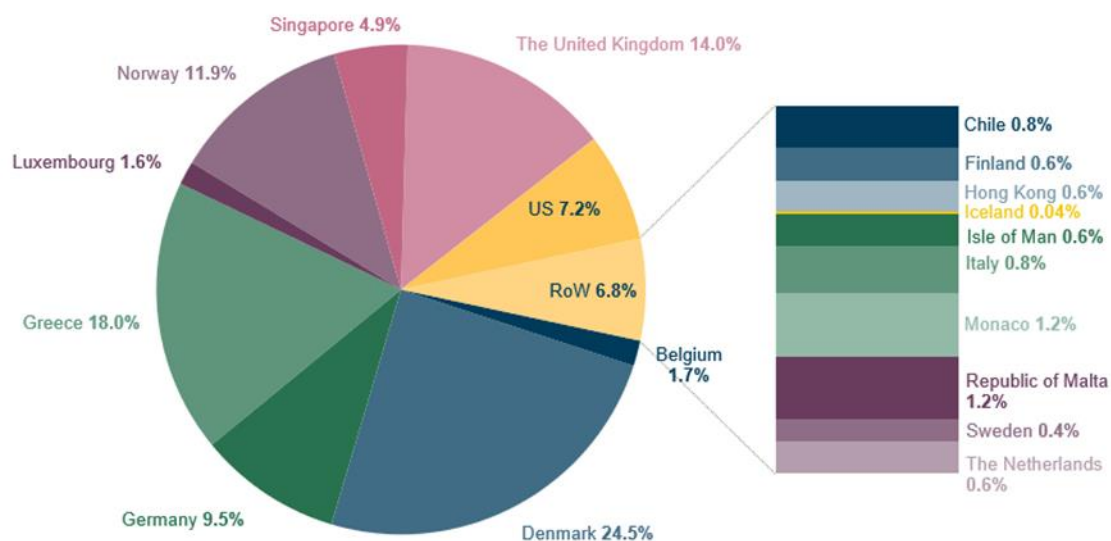
As of 31 December 2022, the Issuer's loan book equalled DKK 35 billion, collateralised by a total of 678 vessels.

The object of the Issuer is to operate as a ship finance institute, including engaging in any activities permitted according to legislation applicable to a Danish ship finance institute from time to time. The object of the Issuer is to provide ship financing in Denmark. In addition, the Issuer provides ship financing in the international market provided that those activities do not unnecessarily limit the Company's Danish operations.

The Issuer intends to develop new mortgage finance products and pursue new business opportunities within the ship mortgage finance business and to the extent it is deemed commercially viable.

The Issuer's principal market is Denmark. Other principal markets are the rest of Europe, North America and Asia.

Loan book broken down by clients' operational head office as of 31 December 2022



9.2.5 Risk organisation

The Issuer has a two-tier management structure:

- The Board of Directors defines the Issuer's principles of risk and capital management, risk policies and risk limits.
- The Executive Board is responsible for the implementation of these principles and policies and for the day-to-day management and monitoring of risk limits.

The Board of Directors is provided with reports on a regular basis in order to assess the adequacy and effectiveness of the risk management as well as compliance with applicable laws and regulations.

The Board of Directors has nominated an audit committee responsible for reviewing accounting and audit-related matters. To ensure an appropriate remuneration structure, the Board of Directors has also set up a remuneration committee.

The Executive Board has set up a credit committee responsible for reviewing lending commitments.

The Issuer distinguishes between the following general types of risk:

- Credit risk reflects the risk of loss as a result of the non-performance of borrowers and counterparties.
- Market risk reflects the risk of loss as a result of movements in financial market rates (interest rate, foreign exchange, volatility risk, etc.).
- Liquidity risk reflects the risk of loss as a result of insufficient liquidity to cover current payment obligations.
- Operational risk reflects the risk of loss as a result of inadequate or failed internal processes, human error, systems fails or external events.

For further information, see the Danish Ship Finance's risk report for 2021, which is incorporated into this Base Prospectus by reference. See Section 7 (Information incorporated in the Base Prospectus by reference)

9.2.6 Capital structure

The determination of the Issuer's own funds and internal capital adequacy is affected by the Issuer's overall financial position. Similarly, the Issuer's credit rating is also affected by the Issuer's overall financial position. Any material changes in the Issuer's overall financial position may, therefore, have derived effects on the Issuer's possibility to conduct its principal activities, i.e. the granting of loans.

The tables below based on the Issuer's Annual Report 2022 and the Annual Report 2021 show the Issuer's capital structure, capital ratios, adequate capital base and buffer requirements.

DKK MILLION	2022	2021
CAPITAL ADEQUACY		
Common Equity Tier 1 capital		
Share capital A shares	300	300
Share capital B shares	33	33
Tied-up reserve capital	8,343	8,343
Retained earnings	842	451
Proposed dividends for the financial year	167	128
Revaluation reserves	70	70
Total Common Equity Tier 1 capital	9,755	9,325
Deductions from Common Equity Tier 1 capital		
Proposed dividends for the financial year	167	128
Additional capital charge pursuant to the Executive Order on a Ship Finance Institute	-	-
Prudent valuation pursuant to Article 105 of the CRR	31	24
Deductions for NPE Loss coverage	260	8
Deductions pursuant to transitional rules regarding B share capital *)	33	33
Total deductions from Common Equity Tier 1 capital	492	194
Common Equity Tier 1 capital after deductions	9,263	9,131
Own funds after deductions	9,263	9,131
DKK MILLION		
Risk exposure amount		
Assets outside the trading book	34,414	36,856
Off-balance sheet items	1,892	1,678
Counterparty risk outside the trading book	2,645	2,766
Market risk	2,625	3,356
Operational risk	813	829
Total risk exposure amount	42,389	45,477
Common Equity Tier 1 capital ratio	21.9	20.1
Tier 1 capital ratio	21.9	20.1
Total capital ratio	21.9	20.1
The risk exposure amount for market risk consists of:		
Position risk related to debt instruments	1,994	3,045
Position risk related to shares	93	18
Total currency position	538	284

Total risk exposure amount for market risk	2,625	3,346
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9.2.7 Financing

No material changes have taken place to the Issuer's credit requirements and financial structure since the latest annual report. The Issuer finances its lending activity through issues of SCBs and SMBs.

9.2.8 Financial information of the Issuer

See section 7 "INFORMATION INCORPORATED IN THE BASE PROSPECTUS BY REFERENCE" above regarding the financial information of Danish Ship Finance incorporated into this Base Prospectus by reference.

The above-mentioned financial data were prepared in accordance with the national rules, the FBA, including the Executive Order no. 281 of 26 March 2014, as amended most recently through the Executive Order no. 116 of 27 January 2023 on Financial Reports for Credit Institutions and Investment Companies, etc., as consistent with the International Financial Reporting Standards ("IFRS").

9.2.9 Lawsuits or arbitration proceedings against the Issuer

No governmental, legal or arbitration proceedings had been brought against the Issuer within the past 12 months prior to the date of this Base Prospectus that could have or that in the recent past have had a significant effect on the Issuer and/or the Issuer's financial position or results.

9.2.10 Material contract

As of the date of this Base Prospectus, the Issuer has not entered into material contracts outside its normal course of business that could cause the Issuer to assume obligations or acquire rights that would affect the Issuer's ability to meet its obligations towards the Bondholders with respect to the Bonds.

9.2.11 Ratings

The Issuer currently has an S&P issuer rating of BBB+ (stable). The Issuer's SCBs from Capital Centre A have an S&P programme rating of A (stable). The Issuer's SMBs from the Institute in General have an S&P programme rating of A (stable). The rating of any Senior Secured Bonds issued by the Institute in General is expected to reflect the Issuer's issuer rating and will, if rated, be specified in the relevant Final Terms. S&P's credit rating reports may be obtained via <https://www.skibskredit.dk/investor-relations/rating-og-obligationer/>.

10 Board of Directors and Executive Board of the Issuer

The table below shows the names and positions of the members of the Board of Directors and the Executive Board of the Issuer on the date of this Base Prospectus as well as principal activities undertaken by them outside of Danish Ship Finance, where such activities are of significance to the Issuer.

10.1 Board of Directors

Name	Position	Directorships and executive positions:
Eivind Kolding	Chairman of the Board Chairman of the Remuneration Committee	Professional Board Member Chairman of: - NTG Nordic Transport Group A/S - DAFA A/S - MFT Energy A/S Vice Chairman of: - Leo Fondet - NNIT A/S - Member of the Board of Directors: Altor Fund Manager AB
Peter Nygaard	Deputy Chairman of the Board Member of the Audit Committee	Senior Advisor, Axcel Member of the Board of Directors: - Øens Murerfirma A/S - Nuuday A/S Chairman/member of a number of boards in the Axcel Group
Marcus F. Christensen	Staff-elected Director	Senior Client Executive
Anders Damgaard	Director Chairman of the Audit Committee	Group CFO, PFA Pension Member of the Board of Directors: - Blue Equity Management A/S - Danish Ship Finance Holding A/S - PFA Asset Management A/S - PFA Bank A/S - PFA DK Boliger Høj A/S - PFA DK Boliger Lav A/S - PFA Ejendomme Høj A/S - PFA Ejendomme Lav A/S - PFA Europe Real Estate High A/S - PFA Europe Real Estate Low A/S - PFA Europe Real Estate Medium A/S - PFA Kapitalforening - PFA Kollegier ApS - PFA Sommerhuse ApS - PFA US Real Estate Medium P/S - PFA Nordic Real Estate Low P/S - PFA International Real Estate K/S - Finansforeningen
Christian Frigast	Director	Partner, Axcel Chairman of the Board of Directors:

	Member of the Remuneration Committee	<ul style="list-style-type: none"> - Axcel Management - Axcelfuture - Danish Ship Finance Holding A/S - Danmarks Eksport- og Investeringsfond (Denmark's Export and Investment Fund) - Aktive Ejere (Active Owners) - The Board Leadership Society in Denmark <p>Vice Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - Pandora - PostNord - Axcel Advisory Board <p>Member of the Board of Directors:</p> <ul style="list-style-type: none"> - Nissens A/S <p>Associate professor at CBS (Copenhagen Business School)</p>
Thor Jørgen Gut-tormsen	Director Member of the Remuneration Committee	Professional Board Member Member of the Board of Directors: <ul style="list-style-type: none"> - Høegh Autoliners ASA - Telenor Maritime AS - Aequitas Ltd
Ninna Møller Kristensen	Staff-elected Director	Executive Assistant
Henrik Rohde Søgaard	Staff-elected Director	Senior Client Executive
Jacob Meldgaard	Director Member of the Remuneration Committee	CEO, Torm A/S Chairman of the Board of Directors: <ul style="list-style-type: none"> - Danish Shipping (Danske Rederier) - Grant Compass <p>Member of the Board of Directors:</p> <ul style="list-style-type: none"> - Syfoglomad - TORM Plc (board member in five companies under TORM) - ICS (International Chamber of Shipping)
Michael N. Pedersen	Director Member of the Audit Committee	Management Executive, PKA A/S Management Executive of: <ul style="list-style-type: none"> - Property companies owned by the three pension funds managed by PKA A/S - Ejendomsselskabet Dronningegården - OPP HoldCo ApS - A/S Kjøbenhavns Ejendomsselskab - Forstædernes Ejendomsaktieselskab <p>Chairman/member of the Advisory Board and investment committees of various foundations relating to private equity, infrastructure and micro finance due to PKA's investment in such foundations.</p> <p>Member of the Board of Directors:</p> <ul style="list-style-type: none"> - Danish Ship Finance Holding A/S

		<ul style="list-style-type: none"> - Refshaleøen Holding A/S - Refshaleøens Ejendomsselskab A/S - Margretheholmen P/S - Komplementarselskabet Margretheholm ApS - PKA Skejby Komplementar ApS - PKA Skejby P/S - Hotel Koldingfjord A/S - Fonden Dansk Sygeplejehistorisk Museum - Poppelstykket 12 A/S - P/S PKAE Ejendom - P/S Parkering PKAE - Komplementarselskabet PKA AE ApS - SAS Pilot & Navigators Pension Fund - Investeringselskabet af 24. Februar 2015 A/S - Tuborg Havnevej I/S - Tuborg Havnevej I I/S - PKA Ejendomme I I/S - PKA Ejendomme af 2013 I/S - PKA Projektselskab I/S - Brokvarteret P/S - P/S Tranders Høje - P/S Fredensgård - Investeringselskabet af 4. Juli 2018 ApS - Institutional Holding GP ApS - Institutional Holding P/S - PKA Ejendomme af 2012 I/S - Komplementarselskabet Vilvordevej 70 ApS - Ejendomsselskabet Vilvordevej 70 P/S - PKA Private Funds III GP ApS - Rugårdsvej Odense A/S - PKA Venture I GP ApS - Falckgården P/S - PKA AIP A/S - IIP Denmark P/S - IIP Denmark GP P/S - PKA Private Funds I GP ApS - PKA Private Funds III GP ApS - PKA Private Funds IV GP ApS - DEAS Invest I A/S - DEAS Invest Holding A/S - PS Gjellerup
Christopher Rex	Staff-elected Director	Head of Innovation and Research
Henrik Sjøgreen	<p>Director</p> <p>Member of the Audit Committee</p>	<p>Chairman of:</p> <ul style="list-style-type: none"> - Simon Fougner Hartmanns Fond <p>Member of the Board of Directors:</p> <ul style="list-style-type: none"> - Henrik Frode Obels Fond - Spar Nord Bank A/S <p>Advisor to the Executive Board of PFA Pensionselskab</p>

10.2 Executive Board

Erik I. Lassen, Chief Executive Officer

Lars Jebjerg, Chief Financial Officer and Chief Risk Officer

Michael Frisch, Chief Commercial Officer

The Executive Board also serves as Executive Board for DSH.

10.3 The company address for the Board of Directors and the Executive Board of the Issuer is:

Danish Ship Finance A/S
Sankt Annae Plads 3
DK- 1250 Copenhagen K
Tel. +45 33 33 93 33

10.4 Conflict of interest

There are no potential conflicts between the Board of Directors and the Executive Board, between the obligations that the members of the Issuer's Board of Directors and the Executive Board have to the Issuer and their private interests and/or other obligations.

10.5 Board committees and good corporate governance

The Board of Directors of the Issuer has appointed an audit committee and a remuneration committee. These committees advise the Board of Directors on specific matters and prepare cases for consideration by the entire Board of Directors within their respective areas of responsibility.

10.5.1 Corporate Governance

The Board of Directors of the Issuer has decided that the Issuer must act as a listed company in relation to the outside world, including operating the company on sound business terms. This means that the Issuer, with a few exceptions due to the special ownership structure, the size and the low complexity of the company, complies with the Corporate Governance Committee's revised Recommendations (the "**Recommendations**") for good corporate governance, the Finance Denmark Management Code of November 2013 and the Active Owners Ethical Guidelines of 2021, which incorporates and complements the Recommendations.

The overall account of the Issuer's relationship with good corporate management can be found at: <https://www.ship-finance.dk/the-company/corporate-governance/>

11 Taxation

The following is not a comprehensive analysis of the tax consequences arising in respect of the Bonds. Prospective purchasers of Bonds are advised to consult their tax advisers about the tax consequences under the tax laws of the country of which they are residents regarding a purchase of Bonds, including, but not limited to, the consequences of receipts of interest and sale or redemption of Bonds. The tax legislation in the member state of Prospective purchasers and the Issuer's country of registration may affect the taxation of the income from the Bonds.

The Issuer does not accept any liability for taxes withheld or for collection of withholding taxes or other taxes irrespective of where the Bonds are recorded electronically in dematerialised form.

11.1 Danish taxation

Below is a summary of the most essential Danish tax rules that apply in connection with the acquisition, ownership and sale of Bonds. The summary is provided for general information purposes only and does not in any way aim to constitute tax or legal advice. It is assumed, that the Bondholder in question is the beneficial owner of the Bonds and any interests from the Bonds.

11.1.1 *Investors subject to full tax liability in Denmark*

Investors subject to full tax liability in Denmark are usually natural persons residing in Denmark or persons that are staying in Denmark for a period of at least six months only interrupted by short stays abroad for holiday or the like, or whose vital interests are in Denmark.

Any interest income and capital gains from Bonds held by natural persons are subject to Danish taxation, whereas any capital loss is tax-deductible. Any gains or losses on the Bonds are subject to the *de minimis* threshold of DKK 2,000 as specified in Section 14 of the Danish Capital Gains Act (in Danish: *kursgevinstloven*).

Companies etc. registered as domiciled in Denmark or with the seat of management in Denmark are usually subject to full tax liability in Denmark. The same taxation applies if a company etc. has a Danish permanent establishment to which the Bonds are allocated for tax purposes. Any interest income or any capital gains from Bonds held by companies taxable to Denmark are subject to Danish taxation, whereas any capital loss is tax-deductible.

Under applicable law in Denmark, no withholding taxes are levied on interest payments and payment of principal amounts from Bonds.

Interest due as well as possession, redemption and transfer of Bonds must be reported to the Danish tax authorities in accordance with applicable rules.

The Issuer is not liable for any changes in the tax treatment of the Bonds or in the tax position of the investors, including, but not limited to, any withholding taxes or other taxes imposed by foreign tax authorities.

11.1.2 *Investors not subject to full tax liability in Denmark*

The following tax treatment applies solely to Bondholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and who do not carry out business in Denmark through a permanent establishment to which the Bonds are allocated for tax purposes.

According to the Danish tax laws in effect as of the date of this Base Prospectus, (i) repayment of principal amounts to any Bondholder are not subject to Danish taxation or withholding taxes, (ii) payments of interest to any Bondholder and (iii) any gain realised upon the sale, exchange or retirement of a Bond are not subject to Danish taxation or withholding taxes other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in section 2 of the Danish Corporate Taxation Act (in Danish "*selskabsskatteloven*"). This will not have any impact on Bondholders who are not directly or indirectly or due to agreed jointly control as mentioned in the Danish Corporate Taxation Act in a relationship whereby they control, or are controlled by, the Issuer.

11.2 Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as (“**FATCA**”), a “foreign financial institution” (as defined by FATCA) may be required to withhold certain of its payments (“foreign pass-through payments”) to persons failing to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions, including Denmark, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from its payments. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Bonds, including whether withholdings would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA, or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulation defining foreign pass-through payments are published in the U.S. Federal Register, and the Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign pass-through payments are filed with the U.S. Federal Register would generally be grandfathered for the purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Bonds that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Bondholders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

12 Offering, price determination, sale, registration and execution, etc.

12.1 Terms and conditions of the offer of Bonds under the Base Prospectus

The ISIN is open for new issuance during a determined issue period. The Issuer may issue additional Bonds on the same terms during the issue period. The Issuer will typically sell Bonds in blocks to securities dealers, who may choose to sell the Bonds, in whole or in part, to other investors.

The issue period of the ISIN is not determined in advance. The Issuer may decide to cease the offer during parts of the opening period. The opening period is stated in the Final Terms. The closing date for a new issuance is set out in the Final Terms.

The Issuer has not determined limitations for the number of subscriptions of each investor. The Final Terms will lay out any possibility to reduce the number of subscriptions and the method to pay back any excess amounts that investors may have paid.

The minimum amount for investment is equivalent to the denomination of the individual ISIN code. The denomination of the Bonds is disclosed in the Final Terms. From time to time, the Final Terms may state a minimum trading unit, which – if so – means that trading cannot take place in smaller units than the minimum trading unit stated. Subsequently, the denomination may be changed by the Issuer, if this is necessary, for example in the event that Denmark should join the Eurozone.

In connection with SCBs and SMBs, the final size of the issue required (and hence the final size of the offering of the SCBs and SMBs) is not known until the ISIN code of the relevant SCBs and SMBs has been closed. The maximum amount that can be invested is the total circulating number of SCBs or SMBs in the relevant ISIN. During the opening period, the volume in circulation may be decreased in respect of SMBs and increased in respect of SCBs and SMBs through ongoing issues, auctions, pre-issues or block issues. When the opening period ends, no more bonds are issued in an ISIN code, and the volume in circulation can no longer increase. The volume in circulation will, on an ongoing basis, be stated on Nasdaq Copenhagen A/S's website, nasdaqomxnordic.com (or on the website of any other relevant regulated market).

The volume in circulation of Senior Secured Bonds will vary along with the Issuer's requirement for supplementary collateral and/or excess capital adequacy. The volume in circulation will, on an ongoing basis, be stated on Nasdaq Copenhagen A/S's website, nasdaqomxnordic.com (or on the website of any other relevant regulated market).

In general, when the Bonds are traded, the value date is two banking days (being a day on which both Danish payment systems and Danish banks located in Denmark are open for business) after the trade is executed; however, this may be derogated from.

Trading in Bonds admitted to trading in a regulated market is made public in accordance with the rules laid down in the Danish Capital Market Act (in Danish: *kapitalmarkedsloven*) and other relevant legislation.

There are no subscription rights attached to the Bonds.

The Bonds are sold either on tap in the bond market or syndicated bookbuilding.

When Bonds are sold on tap in the bond market, the price and amount are determined in connection with the transaction, and the Bonds usually have two banking days' settlement.

The Issuer has no influence on trading in Bonds between third parties.

12.2 Plan of allocation and allotment

Generally, the Bonds can be sold in various ways:

- Sale or auction to the market via brokers
- Syndicated book building via organisers
- Private placements, possibly via organisers
- Nasdaq Copenhagen A/S or another regulated market

In the event of regular issues and block issues, SCBs and SMBs are sold on an ongoing basis in the bond market, and no investor has any preferential right to buy these. In connection with auctions via book builds, SCBs and SMBs are allocated according to the Issuer's conditions of sale. The SCBs and SMBs are allocated after a period stipulated by the Issuer.

12.3 Price determination

The offer price of the Bonds is determined on market terms. Consequently, the price will change over the life of the Bonds.

Other than the market price of the Bonds, buyers of the Bonds are, when trading with the Issuer, not charged costs other than ordinary transaction costs.

12.4 Placing and underwriting

As an issuer of Bonds, the Issuer is responsible for the coordination of the entire issue. The Issuer has not entered into any agreements with paying agents or securities depositaries for Bonds recorded by VP. The Issuer has not entered into any underwriting agreement or agreement under which a third party undertakes to place Bonds. If the Issuer enters into an agreement concerning underwriting by or placement with a third party, such information will be set out in the Final Terms.

12.5 Agreement on admission to trading and volume of trade

The Bonds issued under this Base Prospectus have been or are expected to be admitted to trading and to be listed on Nasdaq Copenhagen A/S, which constitute a regulated market. The regulated market in which the Bonds are admitted to trading is disclosed in the Final Terms. The first day of listing will appear in the Final Terms. However, the Issuer may resolve not to apply for official listing of new issues.

The Issuer may enter into an agreement on the quotation of Bonds issued under this Base Prospectus. The agreements can at any time – possibly subject to a notice period – be terminated by the parties to the agreement. The agreements can cover all or only some Bonds under this Base Prospectus. The Issuer shall be under no obligation to maintain market-maker agreements or to enter into new agreements.

12.6 Yield to maturity

The yield to maturity of the Bonds cannot be stated in the Final Terms because the Bonds are issued on tap or in block issues, and the yield to maturity depends on the price and transaction date.

The yield to maturity on the Bonds offered will depend on the selling price at the time of issue, the time of issue relative to the maturity date of the Bonds and the exact composition of the series of payments of the Bonds, which may be changed after the time of issue. For bonds that may be prepaid or are regulated via an index or in which index payments are made or where the interest rate is floating or where the terms and conditions of the Bond may change, the yield to maturity may only be calculated as an approximation.

12.7 Registration and execution

Unless another place of registration has been stated in the Final Terms, the Bonds will be issued in a dematerialised register with VP.

Ownership of the Bonds shall solely be documented by the items entered in the register at VP or the place of registration that is stipulated in the Final Terms. The Bonds cannot be exchanged for physical bonds.

Registration and execution of transactions in connection with the Bonds will take place in accordance with the rules and procedures in force from time to time at VP or the place of registration that is stipulated in the Final Terms.

A bridge currently exists between each of VP, Clearstream Banking, société anonyme (“**Clearstream**”) and Euroclear Bank, SA / NV (“**Euroclear**”, and together with Clearstream and VP referred to as the “**Securities Depositaries**” and each referred to as a “**Securities Depositary**”).

Holders of accounts with Clearstream and/or Euroclear will be able to purchase bonds without holding an account with VP. Holders of accounts with any Securities Depositary will be able to transfer Bonds to account holders with any other Securities Depositary in accordance with the rules and procedures for the time being of the relevant Securities Depositary.

12.8 Financial intermediaries

In connection with an offering of Bonds to the public, which offering is not exempted from the requirement of the Prospectus Regulation to publish a prospectus, the Issuer may, on the basis of a written agreement, accept that, according to Article 5(2) of the Prospectus Regulation, financial intermediaries may use the Base Prospectus with a view to re-sale or final placement of the Bonds, provided this is stipulated in the Final Terms. In that case, the Issuer agrees to the use of the Base Prospectus. The Issuer declares that it assumes responsibility for the contents of the Base Prospectus, also in connection with re-sale or final placement of the Bonds via financial intermediaries who have been given an undertaking as regards the use of the Base Prospectus.

Financial intermediaries using this Base Prospectus are obliged to state on their website that they use this Base Prospectus in accordance with the related consent and its conditions.

Financial intermediaries who have been given the Issuer's consent on the basis of a written agreement shall hereafter be referred to as “**Authorised Financial Intermediaries**”. The Issuer will update the Base Prospectus on an ongoing basis, possibly through supplements, when necessary, with a view to being able to issue Bonds continuously that can be admitted to trading on a regulated market. The consent can be in force as long as this Base Prospectus is valid – i.e. up to 12 months from the approval date of the Base Prospectus, however, subject to the prior revocation, cancellation or replacement of this Base Prospectus. In such events, the Issuer will issue a corporate announcement to that effect. Any conditions relating to the consent made to Authorised Financial Intermediaries will be set out in the Final Terms for the specific issue and the attached summary for the specific issue. At the time of approval of the Base Prospectus, no consent was given on the basis of a written agreement to any financial intermediary. In the event there will be any new information with respect to Authorised Financial Intermediaries, unknown at the time of the approval of this Base Prospectus, such information will be made available electronically on the Issuer's website www.ship-finance.dk. Authorised Financial Intermediaries may use the Base Prospectus in Denmark, the EU and the UK at re-sale or final placement of the Bonds.

In connection with an offering of Bonds to the public, which offering is not exempted from the requirement of the Prospectus Regulation to publish a prospectus, the Issuer has, except for the instances mentioned above, not given its consent that any financial intermediary or other natural or legal person may use the Base Prospectus for a public offering of Bonds, and hence the use of the Base Prospectus is not permitted. Such public offering to which the Issuer has not given its consent for the use of the Base Prospectus has not been made by the Issuer nor on behalf of the Issuer. Consequently, the Issuer shall not assume any responsibility or liability to pay damages for such offering or the persons who make the offering.

In connection with an offering of Bonds to the public, which offering is not exempted from the requirement of the Prospectus Regulation to publish a prospectus, any investor in the Bonds who buys, sells or is being offered these by Authorised Financial Intermediaries acts according to an agreement between the investor and the Authorised Financial Intermediary, and the Issuer is not party to such agreements. **Authorised Financial Intermediaries, if any such make an offering, shall inform the investors of the terms and conditions of the offering at the time when the offering takes place.**

No financial intermediary has participated in the preparation of the Base Prospectus and therefore no financial intermediary shall assume responsibility for the information stated in this.

This Base Prospectus does not constitute an offer or a solicitation from or on behalf of any financial intermediary to subscribe for or buy securities. To the greatest extent possible that it is allowed by law, any financial intermediaries disclaim responsibility for the content in this Base Prospectus or a declaration or allegation made by others in connection with the Issuer or the issue of securities under the Base Prospectus. Any financial intermediaries hence disclaim any responsibility, whether this arises contractually or non-contractually (except for what is described above) and which otherwise could be related to this Base Prospectus or such a declaration. Neither this Base Prospectus nor any financial statements is intended to form a basis for a credit evaluation or other evaluation of the Issuer and should not be considered a recommendation by any financial intermediaries or others to buy Bonds under this Base Prospectus.

No financial intermediaries have conducted or will conduct reviews, surveys, searches or other acts in connection with the loans or other assets that now or in future may be placed with the capital centres but will instead refer to the Issuer's obligations according to the Act and the information reported and published by the Issuer pursuant to the Covered Bonds Label Harmonised Transparency Template.

13 Sales and trading restrictions

The Issuer has not, as of the date of this Base Prospectus, entered into any programme dealer or underwriting agreement with any third party in relation to potential contractual arrangements for offering and/or placing Bonds, but the Issuer may, from time to time, enter into such agreements or arrangements with any financial intermediary in respect of any issue of Bonds.

13.1 United States

The Bonds have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it will not offer, sell or deliver such Bonds (a) as part of their distribution at any time, or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant financial intermediary or, in the case of an issuance of Bonds on a syndicated basis, the relevant lead manager, of all Bonds of the issue of which such Bonds are part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each financial intermediary will be also be deemed to agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to agree) that it will send to each financial intermediary to which it sells any Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any issue of Bonds, an offer or sale of such Bonds within the United States by any financial intermediary (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

13.2 Prohibition of sales to EEA retail investors

Unless the Final Terms in respect of any Bonds specify “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds that are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- i) the expression “retail investor” means a person who is one (or more) of the following:
 - a. a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - b. a customer within the meaning of Directive 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - c. not a qualified investor as defined in point (e) of Article 2 of the Prospectus Regulation; and
- ii) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

If the Final Terms in respect of any Bonds specify “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area (each, a “**Relevant Member State**”), each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it has not made and will not make an offer of Bonds that is the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- i) if the applicable Final Terms specify that an offer of those Bonds may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant Member State (a “**Non-Exempt Offer**”), following the date of publication of a prospectus in relation to such Bonds that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the applicable Final Terms, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;
- ii) at any time to any legal entity that is a qualified investor as defined in point (e) of Article 2 in the Prospectus Regulation;
- iii) at any time to fewer than 150 natural or legal persons, subject to obtaining the prior consent of the relevant financial intermediary or financial intermediaries nominated by the Issuer for any such offer;
- iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Bonds referred to in (ii) to (iv) above requires the Issuer or any financial intermediary to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means, presenting sufficient information on the terms of the offer and the Bonds to be offered, so as to enable an investor to decide to purchase or subscribe for the Bonds as defined in point (d) of Article 2 of the Prospectus Regulation.

13.3 United Kingdom

Prohibition of Sales to United Kingdom Retail Investors

Unless the relevant Final Terms, in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable” each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree), that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms, in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

If the relevant Final Terms, in respect of any Notes specifies “Prohibition of Sales to United Kingdom Retail Investors” as “Not Applicable” in relation to the United Kingdom, each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree), that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms, in relation thereto to the public in the United Kingdom except that it may make an offer of such Bonds to the public in the United Kingdom:

- (i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), in the United Kingdom subject to obtaining the prior consent of the relevant financial intermediary nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Bonds referred to in (i) to (iii) above shall require the Issuer or financial intermediary to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision the expression an “offer of Bonds to the public” in relation to any Bonds in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Other regulatory restrictions

Each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that:

- i) in relation to any Bonds that have a maturity of less than one year, (i) it is a person whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issuance of the Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issuance or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

13.4 Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended; the “FIEA”) and each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it will not offer or sell any Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Article 6, Paragraph 1, Item 5, of the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

13.5 Denmark

Each financial intermediary will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any of the Bonds directly or indirectly in the Kingdom of Denmark by way of public offering unless in compliance with, as applicable, the Prospectus Regulation, the Danish Capital Market Act, Consolidated Act no. 41 of 13 January 2023 governing Capital Markets, as amended, supplemented or replaced from time to time and Executive Orders issued thereunder and in compliance with the Executive Order on Investor Protection in connection with Securities Trading, cf. Executive Order no. 191 of 31 January 2022, as amended, supplemented or replaced from time to time issued pursuant to the Danish Financial Business Act to the extent applicable.

13.6 General

Each financial intermediary in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it will (to the best

of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of such Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and neither the Issuer nor, if applicable, any other financial intermediaries in relation to such issuance of Bonds have any responsibility therefor.

Neither the Issuer nor any financial intermediary in relation to an issuance of Bonds represents that Bonds may, at any time, lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

14 General information

14.1 Approval

The update of this Base Prospectus was approved by the Issuer's Board of Directors on 5 July 2023.

14.2 Disclosures from third parties and expert statements

No information stated in the Base Prospectus originates from third parties, and the Base Prospectus does not include expert statements or expert reports.

14.3 Legal adviser

The law firm, Gorrissen Federspiel Advokatpartnerselskab, Axel Towers, Axeltorv 2, DK-1609 Copenhagen V, was legal adviser to the Issuer in connection with the preparation of this Base Prospectus.

14.4 Auditors

Lars Rhod Søndergaard (mne28632) and Thomas Hjortkjær Petersen (mne33748), both Danish State-Authorised Public Accountants, EY Godkendt Revisionspartnerselskab, CVR no: 30700228, Dirch Passers Allé 36, DK-2000 Frederiksberg, audited the Issuer's annual report for 2021 and 2022 without qualification. Both are members of "Foreningen af Statsautoriserede Revisorer (FSR)" (The Institute of State-Authorised Public Accountants). The auditors' report to each of the 2021 annual report and the 2022 annual report was prepared in accordance with Directive 2014/56/EU and the Regulation (EU) No. 537/2014.

The Issuer's auditors have solely audited the annual reports to which reference is made in this Base Prospectus. All financial data included in the Base Prospectus originate from the Issuer's audited annual reports. The Base Prospectus has not been controlled or audited by the Issuer's auditors.

No further information contained in this Prospectus has been audited.

14.5 Solvency

After the publication of the most recent annual report, no events have occurred that are to any significant degree of material relevance to the evaluation of the Issuer's solvency.

14.6 Future prospects

At the date of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since the date of its latest published audited financial statements.

14.7 Several liability

The borrowers of the loans financed in the individual ISIN code are not jointly and severally liable to the Issuer and are not entitled to receive a share of the Issuer's assets upon redemption of their loans.

14.8 Financial position

At the date of this Base Prospectus, there has been no significant change in the financial position of the Issuer since the end of the most recent accounting period for which financial information has been published.

14.9 Conflicts of interest

The Issuer knows of no interests and/or conflicts of interest of significance to the offer of the Bonds. Descriptions of any interests and/or conflicts of interests that in connection with an issue of Bonds are material to the Issuer, including specification of the persons involved and the nature of the interest, will appear from the Final Terms.

14.10 Trends

On the date of this Base Prospectus, the Issuer is not aware of any trends, uncertainty, demands, commitments or events that may reasonably be expected to have a material impact on the Issuer's prospects for the current financial year.

14.11 Earnings expectations or forecasts

No earnings expectations or forecasts have been included in the Base Prospectus.

14.12 No events of default

In accordance with the Act and the Executive Order, the terms of the Bonds do not contain any events of default that relate to the Issuer and/or the capital centres, and, if any insolvency proceedings are initiated against the Issuer, the holders of SCBs, SMBs and Senior Secured Bonds may not claim early repayment of payment obligations on the basis of such order.

Similarly, any failure by the Issuer to comply with its obligations to provide supplementary collateral with regards to the SCBs cannot be claimed as grounds for early repayment of payment obligations.

14.13 Investor meetings and changes to the terms of the Bonds

The terms of the Bonds do not contain any provisions for convening Bondholder meetings to discuss circumstances that generally relate to their interests. Any modifications to the terms of the Bonds may, depending on the circumstances, require the consent of all the Bondholders (and not a predefined majority and quorum) as well as the approval of the Issuer. This requirement may prevent the implementation of necessary changes to the terms of the Bonds; for example, in connection with restructuring proceedings.

14.14 Possible Euro system eligibility of the Bonds

The Bonds are intended to be issued in a manner that will make them Euro system-eligible, so that they can be deposited with a Euro system-eligible central securities depository in a joint safe-custody account.

This does not necessarily mean that the Bonds will be recognised as eligible collateral for Euro system monetary policy operations and intraday credit, neither upon issuance nor during their term to maturity. Such recognition will at all times depend upon the ECB being satisfied that the Euro system eligibility criteria have been met.

14.15 The European Monetary Union

In the event that, prior to the maturity of the Bonds, the euro becomes the official currency of Denmark:

- i) all amounts payable in respect of the Bonds denominated in DKK may become payable in EUR;
- ii) legislation may allow or require such Bonds to be re-denominated into EUR and/or additional measures to be taken in respect of such Bonds;
- iii) the reference rates in DKK used to determine the rates of interest on the Bonds may no longer be published; and
- iv) changes may be made to the way those rates are calculated, quoted, published or displayed.

The introduction of the euro as the denomination currency of already issued Bonds may entail the need for currency exchange if an investor's financial activities are primarily carried out in a currency other than EUR.

14.16 Withholding tax

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required, the Issuer will, if Tax Gross Up is specified as being non-applicable in the applicable Final Terms relating to the relevant Bonds, not be obliged to pay any additional amounts and will make such deduction or withholding from the payment of principal or interest.

The rules on investor taxation are described in more detail in section 11 "TAXATION" of this Base Prospectus.

14.17 Bondholders do not receive any detailed statistics or information about the loans, the mortgaged vessel or other assets that now or in future may be placed at the capital centre

Except for the information reported and published by the Issuer pursuant to the Covered Bond Label Harmonised Transparency Template, Bondholders do not receive any detailed statistics or information about the loans, the mortgaged vessels or other assets that now or in future may be placed at the capital centre in question, as the composition of the individual capital centre is to be expected to change over time. As described in section 2.1.10 (*Transfer of funds between capital centres*) above, the Issuer has the right, at any time and without notice or consent from the affected Bondholders, to segregate and transfer loans, securities and derivatives to another capital centre, provided that the rating of the segregated Bonds is not adversely affected.

14.18 Exemption from Issuer's liability in relation to Bonds

Under the terms and conditions of the Bonds (see section 5 "TERMS AND CONDITIONS"), the Issuer's liability for damages towards the Bondholders is subject to certain general limitations and the Issuer will have no liability, even in areas where stricter liability applies, for losses incurred as a result of: (i) interruption/lack of access to IT systems or damage to the data of these systems that can be attributed to the events below, regardless of whether the Issuer or an external supplier is responsible for the operation of the systems; (ii) failures in the Issuer's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrection, civil unrest, sabotage, terrorism or vandalism (including computer viruses and hacking); (iii) strike, lockout, boycott or blockade, regardless of whether the conflict is directed at or initiated by the Issuer or its organisation and regardless of the reason for the conflict (this shall also apply where the conflict only affects part of the Issuer or its organisation; and (iv) other circumstances beyond the Issuer's control.

14.19 Inspection of documents

The Board of Directors and the Executive Board of the Issuer declare that the following documents are available for inspection during the life of the Base Prospectus:

- Memorandum and Articles of Association for Danish Ship Finance
- The Issuer's annual report and financial information, which are included in full or in part in the Base Prospectus. No further report, letters and other documents, assessments and expert statements appear in the Base Prospectus.

The documents are available for inspection in person on application to the Issuer's head office, Sankt Annae Plads 3, DK- 1250 Copenhagen K, between the hours of 09.00 and 16.00, or the documents may be inspected in electronic form on <https://www.ship-finance.dk/the-company/> or <https://www.shipfinance.dk/investor-relations/reports-and-announcements/>.