Annual Report 2022
Danish Ship Finance Holding A/S

Company reg. (CVR) no. 38 03 64 83

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Statements and reports

Management statement

The Board of Directors and the Executive Board today approved the Annual Report of Danish Ship Finance Holding A/S ('DSH') for the financial year 1 January – 31 December 2022.

The consolidated financial statements and the parent company financial statements for DSH have been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

In our opinion, the Management report includes a fair summary of developments in the activities and financial position of the Group and the parent company and fairly describes the principal risks and uncertainties that may affect the Group and the parent company.

Further, in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the parent company's operations for the financial year.

We recommend the Annual Report for adoption by the annual general meeting on 29 March 2023.

Copenhagen, 27 February 2023

Executive Board

Erik Ingvar Lassen
Chief Executive Officer

Lars Jebjerg
Chief Financial Officer

Michael Frisch
Chief Commercial Officer

Board of Directors

Povl Christian Lütken Frigast
Chairman

Anders Damgaard

Michael Nellemann Pedersen

Independent auditor's report

To the shareholders of Danish Ship Finance Holding A/S (Danmarks Skibskredit Holding A/S)

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Danish Ship Finance Holding A/S (Danmarks Skibskredit Holding A/S) for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Danish Ship Finance Holding A/S (Danmarks Skibskredit Holding A/S) on 26 February 2021 for the financial year 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 1 year up until the financial year 2022.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Business Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Frederiksberg, 27 February 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard	Thomas Hjortkjær Petersen
State Authorised	State Authorised
Public Accountant	Public Accountant
MNE no 28632	MNE no 33748

Management report

Company information

Company	Danish Ship Finance Holding A/S Company reg. (CVR) no: 38 03 64 83 Sankt Annæ Plads 3 DK-1250 Copenhagen K Tel.: +45 33 33 93 33 Website: www.skibskredit.dk Financial year: 1 January – 31 December Municipality of registered office: Copenhagen
Board of Directors	Povl Christian Lütken Frigast (Chairman) Anders Damgaard Michael Nellemann Pedersen
Executive Board	Erik I. Lassen Michael Frisch Lars Jebjerg
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg Company reg. (CVR) no. 30 70 02 28

Main activity

Danish Ship Finance Holding A/S ('DSH') is a financial holding company, the purpose of which is to hold equity investments in Danmarks Skibskredit A/S ('DSF'). DSH has no other activities than the ownership of shares in DSF.

Financial highlights

DKK MILLION			Group					Holding		
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Net interest income from lending	562	529	488	503	463	(0)	(0)	(0)	(0)	(1)
Net interest income from investment activities	(119)	(222)	(146)	(72)	(23)	(184)	(185)	(187)	(186)	(186)
Total net interest income	442	306	342	432	440	(184)	(185)	(187)	(187)	(187)
Net interest and fee income	456	338	363	458	472	(184)	(185)	(187)	(187)	(187)
Market value adjustments	(206)	(82)	(150)	(197)	(135)	-	-	-	-	-
Staff costs and administrative expenses	(189)	(170)	(159)	(167)	(160)	(2)	(3)	(1)	(2)	(2)
Loan impairment charges	583	39	(100)	2	(35)	-	-	-	-	-
Income from investments in associated companies	-	-	-	-	-	558	208	96	186	214
Profit before tax	643	124	(47)	94	141	371	19	(93)	(4)	25
Net profit for the year	517	101	(53)	58	98	412	67	(62)	38	66
Loans	34,029	36,293	32,078	39,337	37,117	-	-	-	-	-
Issued bonds	41,402	43,228	42,592	47,968	43,894	-	-	-	-	-
Subordinate loan capital	2,000	2,000	1,990	1,979	1,968	2,000	2,000	1,990	1,979	1,968
Equity *)	1,870	1,459	1,403	1,449	1,423	1,934	1,524	1,454	1,488	1,442
Total assets	55,957	54,533	59,935	67,113	62,782	4,020	3,648	3,540	3,490	3,433

Unless otherwise indicated, the ratios were calculated in accordance with Appendix 5 of the Danish FSA's Executive Order on Financial Reports.

*) Consolidated Group equity represents 96.2% of A-shares. The remaining A-shares and the B-shares are classified as minority interests.

Income statement

Net profit for the year in Holding was DKK 412 million against DKK 67 million in 2021, and DKK 517 million for the Group, against DKK 101 million in 2021.

Net interest and fee income were an expense of DKK 184 million for Holding and income of DKK 456 million for the Group. In 2021, net interest and fee income was an expense of DKK 185 million for Holding and income of DKK 338 million for the Group.

Market value adjustments, exclusively relating to DSF, generated a loss of DKK 206 million in 2022 for the Group, compared to a loss of DKK 82 million in 2021.

In 2022, staff costs and administrative expenses amounted to DKK 2 million for Holding and DKK 189 million for the Group, compared with DKK 3 million for Holding and DKK 170 million for the Group in 2021.

Income from equity investments in Holding, corresponding to Holding's share of net profit for the year of DSF, was DKK 558 million in 2022, against DKK 208 million in 2021.

Tax on profit for the year was an income of DKK 41 million in Holding. The Group recorded a total tax expense of DKK 125 million.

In 2022, the Danish Parliament adopted a special tax for financial companies taking effect from 1 January 2023. The taxable income is then calculated via a factor model for financial companies whereby the corporate tax rate for these companies will be 25.2% for 2023 and 26.0% for 2024 and later.

The special tax entails a change in the value of deferred tax items in DSF corresponding to an income of DKK 7 million, which is recognized in the income statement for 2022 in the Group. The special tax does not apply for DSH.

Balance sheet and capital structure

Holding's total assets amounted to DKK 4,020 million at 31 December 2022, compared with DKK 3,648 million at the end of 2021.

Assets consisted mainly of investments in group enterprises in the amount of DKK 3,795 million, and liabilities were mainly subordinate loan capital of DKK 2,000 million and equity of DKK 1,934 million.

At 31 December 2022, the Group's total assets were DKK 55,957 million, of which net lending represented DKK 34,029 million and bonds DKK 20,217 million. The corresponding figures at the end of 2021 were DKK 54,580 million, DKK 36,293 million and DKK 16,007 million.

The Group's consolidated capital ratio was 19.3% at 31 December 2022, compared with 17.6% at the end of 2021.

At Group level, adequate own funds, including combined capital buffer requirements, were calculated at DKK 5,562 million at 31 December 2022, corresponding to 13.0% of the total risk exposure amount. This corresponded to excess available capital in the amount of DKK 2,673 million at the end of 2022, against DKK 2,765 million at the end of 2021.

In 2016, the Danish FSA has ruled that the tied-up reserve capital in DSF shall be included in the determination of consolidated capital adequacy at an amount corresponding to the tied-up reserve capital's proportionate share of the capital requirement.

Events after the balance sheet date

No events have occurred in the period up to the presentation of the Annual Report 2022 which materially affect the financial position presented.

Results relative to outlook

In last year's Annual Report, we set out expectations of moderate net profit growth in 2022. The result that we finally realised for the year significantly exceeded those expectations. Net profit in the Group of DKK 517 million represents an increase of 412% on the previous year. As laid out in our company announcement on 10 November 2022, the successful resolution of legacy non-performing loans positively supported the 2022 net result.

Underlying trading conditions in 2022 were satisfactory and aggregate business performance was in line with expectations. At a more granular level, we saw temporary shifts in activity across business areas compared to our expectations going into the year.

We did not, after all, realise an investment return close to break-even in 2022, as disrupted trading conditions in fixed income markets caused mark-to-market losses on our mostly AAA-grade bond portfolio particularly in the first half of the year. Defensive positioning mitigated the effects of this, and we saw a strong positive momentum in the second half of the year, with market interest rates reaching positive levels for the first time in four to five years.

Loan growth was less than expected as many ship owners prioritised fortifying their balance sheets over fleet expansion. However, this did not have a significant effect on our net profit for the year. Additionally, we took a cautious view on loan-to-value ratios for new loans in the face of elevated vessel values, and on pricing, as loan markets were slow to adjust pricing to new higher funding costs.

Issuance needs were relatively muted in 2022, although we saw somewhat elevated funding costs for a period in the second and third quarters as volatile bond markets strove to reprice for a new environment of higher interest rates. These effects significantly normalised in the fourth quarter. We remained actively engaged particularly with domestic investors during much of the year, and sustainability topics remain at the forefront of our dialogue with investors.

Already very strong loan book credit quality was bolstered by the resolution of legacy non-performing loans of nearly DKK 0.7 billion, leading to a reversal of loan impairment charges amounting to DKK 583 million in 2022.

Operating costs developed largely as expected, albeit with higher variable compensation costs related to the net profit increase in DSF of 161% year-on-year. Our Operational Excellence efforts continued and were, again, largely executed by means of internal resources.

Liquidity and solvency ratios remained at very healthy levels in 2022, as expected.

The evaluation of the Group capital structure envisaged in 2022 was eventually put on hold pending the ongoing review of the future ownership of Danish Ship Finance Holding.

No material market impacts relating to upcoming regulations were observed in 2022.

Shipping markets performed strongly overall in 2022 and the shipping market outlook that we set out in the 2021 Annual Report largely materialised. In some cases, developments were more positive than we foresaw a year ago. Demand for Container vessels and earnings in the segment remained at high levels for much of the year and Tanker demand recovered somewhat, as expected. Dry Bulk saw higher-than-expected demand and earnings on the back of disruptions caused by, among other things, the war in Ukraine. These trends were particularly pronounced in the first half of the year, with some moderation taking place in the second half of 2022.

Outlook, risks and uncertainty factors

Following several years of extraordinary conditions in shipping markets, we expect market activity to moderate and shipping sector earnings overall to return to more normalised levels in 2023.

Expected normalisation of vessel values, as earnings in many shipping segments retract from the elevated levels of recent years, will provide a favourable backdrop to prudently increase our new lending volume while sustaining strong credit metrics and comfortable loan-to-value ratios.

The macro-economic backdrop will again be challenging, as the global economy experiences a slowdown in 2023, with still-high goods and energy prices, wage pressures, and reduced global consumer spending all reducing transportation demand. The Container and Dry Bulk sectors seem most exposed to a slowdown in demand, but global energy demand may come under pressure from high prices and low economic growth which could affect the Tanker and Gas segments.

The low orderbook for delivery in 2023 means there will be little immediate supply-side pressure on freight rates. Over time, surplus vessel capacity is likely to build in the Container and LPG segments, while Tankers and LNG Carriers appear better positioned. Dry Bulk could maintain the current market balance in 2023, although further deterioration in the Chinese property sector presents a significant downside risk to the outlook.

The appetite for ordering new vessels is expected to be modest in 2023, but secondhand vessels are likely to be actively traded during the year. Secondhand prices are expected to decline, particularly in segments where increased scrapping activity lowers older vessels' economic lifetimes. Container, Capesize Bulk and VLGC vessels seem most exposed.

Going into the new year, our engagement with clients and momentum in loan financing dialogues are good, which supports our conviction in a higher level of lending activity in 2023. We aim to grow the loan book significantly over the next 12 months.

We anticipate accessing Danish and European covered bond markets in 2023, on terms that underpin our ability to offer attractive loan financing to clients.

We are upbeat on the outlook for the Investments area. As previously indicated, the new environment of positive market interest rates is favourable for our high-grade investment portfolio. Positive effects already took firm hold in the second part of 2022. We expect a strongly positive investment result in 2023, even maintaining a conservative investment strategy.

Notwithstanding inflationary pressures, we expect operating costs to decline in 2023, partly reflecting a normalisation of variable compensation which tracked higher in 2022 following the exceptional financial result for the year. We will continue investing in Operational Excellence initiatives and further streamline and digitalise core processes in 2023 to enable efficient growth, support a higher volume of loan transactions and implement more granular sustainability reporting, while maintaining headcount at around the current level.

We expect the credit quality of the loan book to remain stable, and we do not anticipate a need for additional loan impairment charges in 2023. We aim to resolve further legacy non-performing loans in 2023 and expect these to be adequately covered by the existing ECL allowance account.

Our robust credit quality, solvency and liquidity give us headroom to grow the business in a sustainable manner.

Our expectation, in the current market environment, is for a very robust operating performance for Danish Ship Finance A/S in 2023 and net profit in the range of DKK 425 million to DKK 525 million.

The ongoing review of the ownership of Danish Ship Finance Holding A/S, announced in our half-year 2022 report, may lead to a reassessment of the Group ownership and capital structure in 2023.

The business outlook remains subject to market factors and elements beyond our direct control. Uncertainties related to global politics, pandemics, macroeconomics and global trade may impact the shipping markets. Unexpected credit or market events could lead to a reassessment of the outlook. Adverse conditions in financial markets, in particular primary and secondary bond markets, interest rate and foreign exchange markets, may affect financial performance.

While we believe that the total ECL allowance account of DKK 736 million provides adequate coverage for future credit losses, adverse credit performance remains a risk to our outlook for 2023.

Competition

The inflationary pressure in 2022 affected nominal interest levels as well as credit spreads, particularly in the first three quarters. Our funding spreads increased in line with the market.

At the same time, strong shipping markets led some financial institutions to take a more benign view on risk weightings and capital needs for lending to shipowners. As a result, we saw increased appetite for lending among competitors, especially to shipowners with solid balance sheets and strong earnings. In effect, some financial institutions only partially reflected the increased market credit margins in the prices of loans offered to the shipping industry. We anticipate a trend of increasing credit margins for new loans offered to shipowners in 2023 as banks gradually phase in the increased cost of their own senior funding.

Many European banks sought to recapture ship finance market share in 2022, and we expect that this trend will continue into 2023. Asian banks, ECAs and leasing providers continue to play an important role, especially in the financing of newbuild vessels. In 2022, we also saw an increase in requests for refinancing of ships via leasing schemes upon delivery.

ESG-related factors have increased in importance for both access to and the price of loans to the shipping sector. This trend is primarily driven by European lenders, but we expect this to be more geographically widespread in 2023. Currently, CO_2 emissions are the main determining factor for sustainability-linked loans, but we expect this to be broadened to potentially include other ESG parameters too going forward.

<u>Shipping segment</u>

Shipping markets continued to perform strongly during 2022, underpinned by longer travel distances, continued supply chain inefficiencies and modest fleet growth. The overall index, the ClarkSea Index, is within the highest 10% since 2000, having peaked at USD 43,000 per day in May. However, freight rates have lost some momentum since then due to significant declines in the Container and Dry Bulk segments. The ClarkSea index ended 2022 at around USD 33,800 per day.

Volatility in the shipping industry is common and shipowners are used to adjusting accordingly. During the first few months of 2022, shipowners in the Container and Dry Bulk segments benefited from extremely high earnings, but then sentiment weakened, and freight rates tumbled accordingly. The Russia-Ukraine war, and the subsequent sanctions on Russia, sent Tanker earnings skyrocketing, as shifts in global oil and gas trade flows lengthened distances and lowered the fleet's cargo-carrying capacity.

Contracting activity was still high in the first half of 2022, with orders for newbuild Container and Gas Carriers continuing to fill capacity at shipyards. The appetite for new Container vessels fell sharply in the second half of 2022 as the outlook for the segment became more challenging – although the Container orderbook is still at a very high level. Few Tanker and Dry Bulk vessels were contracted in 2022.

World seaborne trade volumes are expected to increase moderately in 2023. The contributions to the growth will remain uneven, with oil and gas volumes continuing to drive the increase.

Container

The Container market experienced a rollercoaster ride during 2022. Freight rates peaked at all-time highs in March before tumbling by more than 70% in a matter of eight months. Easing port congestion expanded the fleet's effective cargo-carrying capacity even before high food and energy inflation coupled with soaring interest rates increased the cost of living globally. Higher energy and food prices have reduced consumers' disposable incomes and their demand for containerised goods. Fleet utilisation started to weaken even before the large inflow of new vessels scheduled to enter service in 2023 and 2024 begins.

Dry bulk

High energy prices, easing port congestion and fleet growth outpacing demand have put pressure on freight rates. Secondhand prices have decreased accordingly, with larger vessels in particular experiencing a steep fall. The Chinese property sector is expected to deteriorate further, which is likely to have a major impact on Dry Bulk demand in 2023, especially for Capesize vessels. Small and mid-sized vessels seem less exposed, and the age profile of their fleets makes them better positioned to handle a period of surplus capacity.

Oil tankers

Following the lifting of Covid-related restrictions, global oil demand rebounded during 2022. Increased oil demand coupled with limited fleet growth has kept both fleet utilisation and freight rates high among Crude and Product Tankers. Freight rates are expected to remain strong in the medium term, driven by continuously high fleet utilisation and an ongoing shift towards more long-haul trading. Still, the outlook is burdened by the potential negative consequences from a global recession, Western sanctions on Russian oil, ongoing Covid restrictions in China and oil supply cuts from OPEC.

Gas carriers

High gas demand in Asia and Europe created strong market conditions during 2022. Increased production and high trade volumes have benefited large carriers – in both the LNG and LPG segments – as Europe continues to reduce its dependence on Russian energy supplies. Freight rates are expected to stay elevated into 2023, supported by strong seasonal demand. However, a large orderbook continues to weigh on the outlook for Gas Carriers.

Car carriers

Ro-Ro vessels have experienced high earnings in the past two years due to the firm Container market. However, with the Container market normalising, demand for Ro-Ro vessels has also started steadily normalising. Ferries experienced a rebound at the start of 2022, driven by higher regional traffic, but activity has also slowed due to weakening economic conditions.

Ro-Ro/Ferries

Ro-Ro vessels have experienced high earnings in the past two years due to the firm Container market. However, with the Container market normalising, demand for Ro-Ro vessels has also started steadily normalising. Ferries experienced a rebound at the start of the year, driven by higher regional traffic, but activity has also slowed due to weakening economic conditions.

Offshore

The market for Offshore Supply vessels in 2022 remained on its upward trajectory established in 2021, partly driven by a high energy price environment in the aftermath of the Russian invasion of Ukraine. Average fleet utilisation increased by approximately 5 percentage points during 2022, ending the year at 69%. Day rates improved further as a result of firm demand, while the rise in secondhand prices was more moderate. The outlook for 2023 is relatively bright, as the geopolitical situation has prompted many countries to secure energy independence and invest more in upstream greenfield activities.

Financial statements

INCOME STATEMENT

NOTE	1 JANUARY - 31 DECEMBER DKK MILLION	Group 2022	Group 2021	Holding 2022	Holding 2021
3	Interest income	2,314	1,129	0	0
4	Interest expenses	(1,872)	(822)	(184)	(185)
5	**Net interest income**	**442**	**306**	**(184)**	**(185)**
6	Fee and commission income	14	32	-	-
	Net interest and fee income	**456**	**338**	**(184)**	**(185)**
7	Market value adjustments	(206)	(82)	-	-
8,9	Staff costs and administrative expenses	(189)	(170)	(2)	(3)
22.23	Depreciation and impairment of property, plant and equipment	(2)	(2)	-	-
	Other operating expenses	-	-	(1)	(1)
15	Impairment charges on loans and receivables	583	39	-	-
21	Income from investments in accociated companies	-	-	558	208
	Profit before tax	**643**	**124**	**371**	**19**
10	Tax	(125)	(23)	41	48
	Net profit for the year	**517**	**101**	**412**	**67**
	Other comprehensive income	-	-	-	-
	Tax on other comprehensive income	-	-	-	-
	Other comprehensive income after tax	**0**	**0**	**-**	**-**
	Comprehensive income for the year	**517**	**101**	**412**	**67**
	PROPOSED ALLOCATION OF PROFIT				
	Minority shareholders	106	46	-	-
	Revaluation reserve	-	-	-	-
	Retained earnings	412	55	412	67
	Total	**517**	**101**	**412**	**67**

BALANCE SHEET

NOTE	AT 31 DECEMBER DKK MILLION	Group 2022	Group 2021	Holding 2022	Holding 2021
	ASSETS				
11	Due from credit institutions and central banks	46	394	24	6
12,13,14	Loans and other receivables at amortised cost	34,029	36,293	-	-
17,18,19	Bonds at fair value	15,297	16,007	-	-
17,18,19	Bonds at amortised cost	4,920	0	-	-
20	Shares, etc.	75	0	-	-
21	Shares in subsidiary undertaking	-	-	3,795	3,425
22	Land and buildings	-	-	-	-
	Owner-occupied property	340	332	-	-
23	Other tangible assets	6	6	-	-
	Current tax assets	7	19	186	59
28	Deferred tax assets	64	158	15	158
19,24	Other assets	1,174	1,324	-	-
	Total assets	**55,957**	**54,533**	**4,020**	**3,648**
	LIABILITIES AND EQUITY				
	Liabilities				
25	Due to credit institutions and central banks	2,786	758	-	-
26	Issued bonds at amortised cost	41,402	43,228	-	-
	Current tax liabilities	145	13	-	-
28	Deferred tax liabilities	-	108	-	-
19,27	Other liabilities	1,720	986	86	124
	Total liabilities	**46,054**	**45,093**	**86**	**124**
	Provisions				
	Other provisions	9	16	-	-
	Total provisions	**9**	**16**	**-**	**-**
29	**Additional Tier 2 capital**	**2,000**	**2,000**	**2,000**	**2,000**
30	**Equity**				
	Share capital	1,224	1,224	1,224	1,224
	Premium received on issues of shares	1	1	1	1
	Revaluation reserves	46	46	46	46
	Retained earnings	599	188	663	252
	Holding's share of equity	**1,870**	**1,459**	**1,934**	**1,524**
30	**Minority interests' share of equity**	**6,024**	**5,964**	**-**	**-**
	Total equity	**7,894**	**7,424**	**1,934**	**1,524**
	Total liabilities	**55,957**	**54,533**	**4,020**	**3,648**
	Off-balance sheet items				
32	Contingent liabilities	85	101	-	-
33	Other binding agreements	2,667	3,356	-	-
	Total off-balance sheet items	**2,752**	**3,457**	**-**	**-**

STATEMENT OF CHANGES IN EQUITY

Group

DKK MILLION	Share capital	Share premium at issue	Revaluation reserves	Retained earnings	Holding's share of Equity	Minority's share of Equity	Total
Equity as at 1 January 2021	1,224	1	46	131	1,403	5,943	7,345
Dividends paid for the financial year 2020	-	-	-	-	-	(25)	(25)
Amount for distribution	-	-	-	55	55	46	101
Revaluation of property	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(0)	(0)	-	(0)
Sale of own shares	-	-	-	2	2	-	2
Equity at 31 December 2021	**1,224**	**1**	**46**	**188**	**1,459**	**5,964**	**7,424**
Equity as at 1 January 2022	1,224	1	46	188	1,459	5,964	7,424
Dividends paid for the financial year 2021	-	-	-	-	-	(46)	(46)
Amount for distribution	-	-	-	412	412	106	517
Revaluation of property	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(1)	(1)	-	(1)
Sale of own shares	-	-	-	0	0	-	0
Equity at 31 December 2022	**1,224**	**1**	**46**	**599**	**1,870**	**6,024**	**7,894**

Danish Ship Finance Holding A/S

DKK MILLION	Share capital	Share premium at issue	Revaluation reserves	Retained earnings	Total
Equity as at 1 January 2021	1,224	1	46	183	1,454
Amount for distribution	-	-	-	67	67
Revaluation of property	-	-	-	0	0
Purchase of own shares	-	-	-	(0)	(0)
Sale of own shares	-	-	-	2	2
Equity at 31 December 2021	**1,224**	**1**	**46**	**252**	**1,524**
Equity as at 1 January 2021	1,224	1	46	252	1,524
Amount for distribution	-	-	-	412	412
Revaluation of property	-	-	-	0	0
Purchase of own shares	-	-	-	(1)	(1)
Sale of own shares	-	-	-	0	0
Equity at 31 December 2022	**1,224**	**1**	**46**	**663**	**1,934**

Group overview

Afilliated companies	Ownership	Voting share	Assets	Equity	Net profit	Liabilities
Danish Ship Finance A/S	86.6%	1	55,974	9,755	663	46,218

Activity: Financing of vessels for Danish and international shipowners, secured on first lien ship mortgages.

LIST OF NOTES

NOTES

NOTE 1

ACCOUNTING POLICIES

General

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. ("Executive Order on Financial Reports"). Furthermore, the Annual Report complies with the additional Danish disclosure requirements for issuers of listed bonds.

The accounting policies are unchanged from those applied in the Annual Report 2021, except for the addition of policies regarding hold-to-maturity ('HTM') bonds at amortised cost.

Financial statement figures are stated in Danish kroner ('DKK') and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users. Figures stated as zero (0) denote rounding off of an underlying value, and figures stated as a dash (-) represent no value.

The financial statements of DSF are consolidated into the financial statements of Danish Ship Finance Holding A/S ('DSH'), the smallest and largest group entities for which consolidated financial statements are prepared.

Consolidated financial statements

The consolidated financial statements comprise Danish Ship Finance Holding A/S and Danish Ship Finance A/S.

The consolidated financial statements have been prepared by combining items of a uniform nature and subsequently eliminating intercompany income and costs, gains and losses, intercompany shareholdings and intercompany balances as well as off-balance sheet liabilities and guarantees.

Acquisition

Newly acquired enterprises are recognised in the consolidated financial statements from the date of acquisition. On acquisition of new enterprises, the purchase method is applied, and the acquirees' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provisions are made for costs related to adopted and published restructuring of the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Non-controlling interests

In the calculation of consolidated profit and consolidated equity, the shares of Danish Ship Finance A/S's profit and equity attributable to non-controlling interests are recognised separately in the income statement and balance sheet. Non-controlling interests are recognised at fair value based on acquired assets and liabilities at the date of acquisition.

Significant accounting estimates

The preparation of the Annual Report is based on management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities. The amounts most influenced by the critical estimates and assumptions are:

- Measurement of expected credit losses
- Fair value measurement of financial instruments
- Parameters used for amortisation of fees which are an integral part of the current yield of a financial instrument

The estimates and assumptions are based on premises that management finds reasonable, but which are inherently uncertain and unpredictable. The assumptions could, for example, be challenged by unexpected future events or circumstances that arise. Therefore, such estimates and assumptions are difficult to make and will always entail some degree of uncertainty, even under stable macroeconomic conditions, when they involve transactions with clients and other counterparties. Accounting estimates and assumptions made on the balance sheet date express management's best estimate of such events and circumstances.

Measurement of expected credit losses

The measurement of expected credit losses (ECL) on loans, guarantees and credit commitments (credit exposure) is set out in the Executive Order on Financial Reports, which is based on the three-stage (Stage 1, 2 and 3) expected credit loss impairment model (ECL impairment model) pursuant to IFRS 9. Bonds measured at amortised cost are also subject to the ECL impairment model. Bonds measured at amortised cost are also subject to the ECL impairment model.

According to the ECL impairment model, ECL are calculated for all credit exposures measured at amortised cost. The loan impairment charge for ECL depends on the current stage of the credit risk.

If the credit risk has not increased significantly since initial recognition, the loan impairment charge equals ECL for the next 12 months (Stage 1). If the credit risk has increased significantly since initial recognition or is showing significant signs of weakness, or the credit exposure is in default or otherwise impaired, the loan impairment charge equals the lifetime ECL (Stages 2 and 3).

For more information, see 'Loan impairment charges' below.

Fair value measurement of financial instruments

Measurements of financial instruments for which prices are quoted in an active market or which are based on generally accepted models with observable market data are not subject to material estimates.

Measurements of financial instruments which are only to a limited extent based on observable market data are subject to estimates. This applies to unlisted shares and shares received in connection with financial restructuring of loans as well as certain bonds for which an active market does not exist.

For more information, see 'Determination of fair value' below.

Segment reporting
Segment reporting of the business pursuant to the definitions in the Executive Order on Financial Reports is not applicable, as the group is solely involved in ship finance.

Offsetting
Amounts due to and from the group are offset when the group has a legally enforceable right to offset the recognised amounts and intends either to settle by way of netting or to realise the asset and settle the liability simultaneously.

Translation of transactions in foreign currency
The financial statements are presented in DKK, and the functional currency is DKK.

On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the transaction date. Gains and losses due to exchange rate differences arising between the transaction date and the settlement date are recognised in the income statement.

Assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange rate adjustments of assets and liabilities arising due to differences in the exchange rates applying at the transaction date and at the balance sheet date are recognised in the income statement.

Exchange rate adjustments are included in the fair value adjustments of assets and liabilities.

Financial instruments
Purchases and sales of financial instruments are measured at the settlement date, which is usually the same as the transaction price. See the description under the individual items.

For financial instruments that are subsequently measured at fair value, changes in the value of financial instruments before the settlement date are recognised. For assets which are measured at amortised cost price there are no changes in value in the period between the trading date and the settlement date.

Financial instruments are derecognised on the settlement date when the right to receive (obligation to pay) cash flows from financial assets or liabilities has expired, or if it has been transferred, and the group has transferred substantially all risks and rewards of ownership.

Classification
Financial instruments are divided into financial assets and financial liabilities.

At the date of recognition, financial assets are divided into the following two categories:

- HTM assets held within the framework of a business objective of collecting payment flows and measured at amortised cost
- Trading book assets measured at fair value
- Loans and other financial receivables measured at amortised cost

At the date of recognition, financial liabilities are divided into the following two categories:

- Trading book liabilities measured at fair value

- Other financial liabilities measured at amortised cost

The trading portfolio, which is measured at fair value, comprises the following financial assets and liabilities:

- Bonds at fair value
- Shares, etc.
- Derivatives (other assets and other liabilities)

The HTM portfolio comprises the following financial assets:

- Bonds at amortised cost

Hedge accounting
The group uses derivatives to hedge the interest rate risk on fixed-rate items measured at amortised cost.

Hedged risks that meet specific criteria qualify for fair value hedge accounting and are treated accordingly. The interest rate risk on the hedged items is measured at fair value in the income statement. The accounting treatment of the hedged risk subsequently corresponds to the accounting treatment of the hedging instrument, which is also recognised at fair value in the income statement.

If the criteria for hedge accounting cease to be met, the accumulated value adjustment of the hedged item is amortised over the remaining time to maturity.

Determination of fair value
The fair value of financial assets and liabilities is measured based on quoted market prices of financial instruments traded in active markets. If an active market exists, the fair value is based on the most recently observed market price at the balance sheet date.

If the market for one or more financial assets or liabilities is illiquid or if there is no publicly recognised price, the fair value is determined using generally accepted valuation techniques. Such techniques comprise the use of similar recent transactions between independent parties, reference to other similar instruments, discounted cash flow analysis and other models based on observable market data.

If no active market exists, the fair value of standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, is measured according to generally accepted valuation techniques. Market-based parameters are used for measuring the fair value, and the fair value of derivatives is subject to credit valuation adjustment ('CVA'), taking into account the possibility of a counterparty's default.

The fair value of more complex financial instruments, such as swaptions, interest rate caps and floors and other OTC products and unlisted holdings, is measured based on internal models, many of which are based on generally accepted valuation techniques.

BALANCE SHEET

Amounts due from credit institutions and central banks

Amounts due from credit institutions and central banks include amounts due from other credit institutions. Reverse transactions, that is purchases of securities from credit institutions to be resold later, are recognised as amounts due from credit institutions and central banks. On subsequent recognition, amounts due from credit institutions and central banks are measured at amortised cost, which corresponds to the nominal amount.

Loans

Loans consist of credit exposures which have been disbursed to shipping clients either on a bilateral basis or as part of a syndicated transaction. Loans comprise traditional shipping loans against mortgages on vessels but may also to a limited extent comprise financing of shipping clients' payment of instalments to shipyards under shipbuilding contracts.

On initial recognition, loans are measured at fair value plus transaction costs less origination fees and other charges. Subsequently, loans are measured at amortised cost according to the effective interest rate method, less loan impairment charges, if any. The difference between the value at initial recognition and the nominal value is amortised over the time to maturity and recognised under interest income.

Loan impairment charges

The current impairment rules, pursuant to IFRS 9, became effective as at 1 January 2018, introducing a forward-looking approach to measuring impairment of financial assets based on expected credit losses.

The loan impairment charge for ECL depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loan impairment charge equals ECL within the next 12 months (stage 1). If the credit risk has increased significantly since initial recognition or is showing significant signs of weakness (e.g. a loan is more than 30 days past due), the loan impairment charge equals the lifetime ECL (stage 2). If the credit exposure is in default (e.g. a loan is more than 90 days past due) or otherwise impaired, the loan impairment charge equals the lifetime ECL (stage 3).

ECL are calculated for all individual credit exposures as a function of probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD'), adjusted for forward-looking information by way of a macroeconomic factor ('MEF'). MEF is based on management's expectations and various scenarios (base case, best case and worst case) for each shipping segment.

$$\mathrm{ECL} = \mathrm{PD} * \mathrm{EAD} * \mathrm{LGD} * \mathrm{MEF}$$

In a few situations where the ECL impairment model is believed to either overestimate or underestimate ECL, an adjustment is made based on management's judgement.

Loan impairment charges for ECL are booked in an ECL allowance account and offset against loans or recognised as provisions (loss allowances) for guarantees and credit commitments.

With the entry into force of the current impairment rules as at 1 January 2018, transitional arrangements were agreed, allowing institutions in determining own funds to add back an amount to their CET1 capital over a five-year transition period. The group has opted not to apply these transitional arrangements.

The Risk Report 2022 provides more information on the ECL impairment model.

Bonds at fair value

Bonds at fair value comprise financial assets in the form of debt instruments acquired or concluded with a view to a subsequent sale or repurchase.

The bonds are measured on initial recognition at fair value excluding transaction costs and subsequently at fair value with value adjustments through the income statement.

Bonds at amortised cost

Bonds at amortised cost comprise financial assets in the form of debt instruments acquired or concluded with a view to collecting the assets' contractual payment flows, and with cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test in IFRS 9).

The bonds are after initial recognition measured at amortised cost with no changes in value in the period between the trading date and the settlement date. Interest income is recognised according to the effective interest method, including amortisation of the difference between cost and the redemption value over the term to maturity of the bonds.

Impairment charges for expected credit losses (IFRS 9) apply to all financial assets recognised at amortised cost cf. the section '*Measurement of expected credit losses*' above. and therefore the bonds are subject to these rules.

The interest rate risk on bonds at amortised cost is not hedged.

Shares, etc.

Shares, etc., comprise investments in sector shares and shares received in connection with financial restructuring of loans.

The shares are measured on initial recognition at fair value excluding transaction costs and subsequently at fair value with value adjustments through the income statement.

Shares received in connection with financial restructuring of loans are measured on initial recognition at no value and subsequently at fair value with value adjustments through the income statement, provided that the related restructured loans are no longer characterised as non-performing loans.

Land and buildings

Land and buildings consist of the group's fully owned domiciles located at Sankt Annæ Plads 3, DK-1250 Copenhagen K and Langebrogade 5, DK-1411 Copenhagen K.

Owner-occupied property

On initial recognition, the domicile properties used for the group's own operations are measured at cost. The domicile property is subsequently measured at the revalued amount plus property improvement expenditures and less depreciation and impairment charges. Revaluations and any reversals of previous revaluations are made via other comprehensive income, while any impairment charges relative to cost are made via the income statement.

The straight-line depreciation of the domicile property is based on the expected scrap value and an estimated useful life of 100 years.

Other tangible assets

Other tangible assets consist of operating equipment, vehicles and furniture, which are recognised at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight-line basis over the expected useful life of the assets considering the assets' residual values. The expected useful life is typically three years.

Other assets

Other assets include interest and commission due, prepayments and derivatives with a positive market value. Future payments which DSF is likely to receive are recognised as amounts due at present value.

Due to credit institutions and central banks

Amounts due to credit institutions and central banks include amounts received under repo transactions (sale of securities with an agreement to repurchase the same securities back later). Amounts due to credit institutions and central banks are measured at amortised cost, which corresponds to the nominal amount.

Issued bonds at amortised cost

Issued bonds comprise ship mortgage bonds and debenture bonds issued by the group, which are recognised at amortised cost with the addition of the fair value of the hedged interest rate risk.

Issued bonds are measured at amortised cost (i.e. including discount at issuance and any commission that is considered an integral part of the effective rate of interest).

Pursuant to the rules on hedge accounting, the fair value of the hedged interest rate risk for fixed-rate issued bonds is recognised.

The portfolio of own bonds is deducted from the line item "Issued bonds at amortised cost" using the amortised cost with the addition of the value of any hedging transaction attached thereto.

Interest income from the portfolio of own bonds is offset against interest expenses for own bonds.

Other liabilities

Other provisions are recognised and measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at discounted value. Other liabilities include accrued interest, prepayments, derivatives with a negative market value and other provisions such as provisions relating to guarantees. The liability is recognised at the present value of expected payments.

Deferred tax assets and deferred tax liabilities

Deferred tax is calculated in accordance with the balance sheet liability method on all temporary differences between the tax base of the assets and liabilities and their carrying amounts. Deferred tax is recognised in the balance sheet under deferred tax assets and deferred tax liabilities based on the tax rates at which they are expected to crystallise.

Deferred tax assets arising from unused tax losses are recognised to the extent that it is probable that such losses can be offset against taxable income in the following financial year. Therefore, recognition of deferred tax assets requires that management assesses the probability and size of future taxable income.

Equity

Equity comprises issued share capital, tied-up reserve capital, retained earnings, revaluation reserves and net profit for the period.

Proposed dividends

The Board of Directors' proposal for dividends for the year submitted to the general meeting is recognised in equity as a component of net profit for the period. Dividends are recognised as a liability once the annual general meeting has adopted the proposal to distribute dividends.

OFF-BALANCE SHEET ITEMS

Contingent liabilities

Contingent liabilities comprise guarantee commitments made as part of the lending activities.
Due to its business volume, the group may be a party to various lawsuits. The probability of such lawsuits is regularly assessed, and the necessary provisions are made based on an assessment of the risk of incurring a loss.

Other contingent liabilities

Other contingent liabilities comprise irrevocable credit commitments made and unutilised drawing rights on credit facilities provided as part of lending activities.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Interest income and expenses

Interest income and expenses in respect of interest-bearing financial instruments measured at amortised cost are recognised in the income statement applying the effective interest rate method based on the cost of the financial instrument.

Interest includes amortisation of fees which are an integral part of the current yield of the financial instrument, including origination fees, and amortisation of any additional difference between cost and redemption price.

Interest income and expenses also include interest on financial instruments measured at fair value.

Recognition of interest on credit impaired loans is made based on the value after loan impairment charges.

Fee and commission income and expenses

Fee and commission income and expenses are generated by the lending activities. Commission for services provided over a period of time, such as guarantee commissions and commitment fees, is accrued over the relevant time period.

Market value adjustments

Market value adjustments comprise realised and unrealised market value adjustments of financial instruments at fair value, i.e. shares, bonds and derivatives and exchange rate adjustments.

Staff costs and administrative expenses

Staff costs

Salaries and other consideration expected to be paid for work carried out during the year are expensed under staff costs and administrative expenses. This item comprises salaries, bonuses, holiday allowances, anniversary-related bonuses, pension costs, payroll tax and other consideration.

Bonuses and share-based payments

Bonuses and share-based payments (including revaluations) are expensed when they are granted or revalued.

Pension costs

DSF's contributions to defined contribution plans are recognised in the income statement as they are earned by the staff. DSF has no defined benefit plans.

Depreciation and impairment of tangible assets

This item consists of depreciation and impairment charges on the owner-occupied property and other tangible assets.

Loan impairment charges

This item includes write-offs on loans, recovery on loans previously written off and loan impairment charges for ECL on loans (including amounts due from credit institutions), guarantees and credit commitments.

Tax

Current and deferred tax calculated on profit for the year adjusted for tax on the taxable income of previous years is recognised in the income statement. Income tax for the year is recognised in the income statement based on the current income tax rate, adjusted for non-taxable income and non-deductible expenses.

NOTE 2

DKK MILLION	Group					Holding				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Total net interest income	442	306	342	432	440	(184)	(185)	(187)	(187)	(187)
Total net interest and fee income	456	338	363	458	472	(184)	(185)	(187)	(187)	(187)
Market value adjustments	(206)	(82)	(150)	(197)	(135)	-	-	-	-	-
Staff costs and administrative expenses	(189)	(170)	(159)	(167)	(160)	(2)	(3)	(1)	(2)	(2)
Loan impairment charges	583	39	(100)	2	(35)	-	-	-	-	-
Income from investments in associated companies	-	-	-	-	-	558	208	96	186	214
Profit before tax	643	124	(47)	94	141	371	19	(93)	(4)	25
Net profit for the year	517	101	(53)	58	98	412	67	(62)	38	66
Loans	34,029	36,293	32,078	39,337	37,117	-	-	-	-	-
Bonds	20,217	16,007	24,319	25,027	22,470	-	-	-	-	-
Subordinate loan capital	2,000	2,000	1,990	1,979	1,968	2,000	2,000	1,990	1,979	1,968
Equity	1,870	1,459	1,403	1,449	1,423	1,934	1,524	1,454	1,488	1,442
Total assets	55,957	54,533	59,935	67,113	62,782	4,020	3,648	3,540	3,490	3,433

KEY RATIOS	Group					Holding				
Common Equity Tier 1 capital ratio	14.7	13.3	13.8	14.0	12.9	-	-	-	-	-
Tier 1 capital ratio	14.7	13.3	13.8	14.0	12.9	-	-	-	-	-
Total capital ratio	19.4	17.6	18.6	18.0	17.0	-	-	-	-	-
Return on equity before tax (%)	38.6	8.7	(3.3)	6.5	9.8	21.4	1.3	(6.3)	(0.3)	1.7
Return on equity including minorities before tax (%)	8.4	1.7	(0.6)	1.3	1.9	-	-	-	-	-
Return on equity after tax (%)	31.1	7.1	(3.7)	4.0	6.8	23.8	4.5	(4.2)	2.6	4.5
Return on equity including minorities after tax (%)	6.8	1.4	(0.7)	0.8	1.3	-	-	-	-	-
Income/cost ratio *) **)	(0.6)	1.9	0.8	1.7	1.8	(116.6)	(59.0)	(159.4)	(109.8)	(112.3)
Income/cost ratio (excluding loan impairment charges)**	1.3	1.5	1.3	1.5	2.1	(116.6)	(59.0)	(159.4)	(109.8)	(112.3)
Foreign exchange position (%)	6.5	3.5	3.4	2.8	5.3	-	-	-	-	-
Gearing of loans	18.2	24.9	22.9	27.1	26.0	-	-	-	-	-
Annual growth in lending (%)	(6.2)	13.1	(18.5)	6.0	6.0	-	-	-	-	-
Loan impairment charges for the year as % of lending	(1.7)	(0.1)	0.3	(0.0)	0.1	-	-	-	-	-
Total allowance account as % of gross lending	2.1	2.6	3.9	4.9	6.3	-	-	-	-	-
Rate of return on assets (%)	0.9	0.2	(0.0)	0.1	0.2	10.2	1.8	(1.7)	1.1	1.9

The key figures are calculated in accordance with Appendix 5 of the Danish FSA's Executive Order on Financial Reports.

**) In accordance with the instructions, the income/cost ratio must be calculated including loan impairment charges.*

***) Income from investments in associated companies is excluded by calculating income/cost ratio.*

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 3 **INTEREST INCOME**

Due from credit institutions and central banks	7	15	0	0
Loans and other receivables	1,422	936	-	-
Bonds	147	138	-	-
Other interest income	3	0	-	-
Derivatives				
Interest rate contracts	735	37	-	-
Foreign exchange contracts	0	2	-	-
Total interest income*	**2,314**	**1,129**	**0**	**0**
Of this amount, income from genuine purchase and resale transactions is recognised in:				
Due from credit institutions and central banks	0	16	-	-

*) Group total interest income contains negative interest expenses of DKK 0.4 million in 2022 (2021: 0.6 DKK million).

NOTE 4 **INTEREST EXPENSES**

Credit institutions and central banks	(15)	(7)	(0)	(0)
Bonds	(1)	(6)	-	-
Issued bonds	(244)	(138)	-	-
Interest paid on additional Tier 2 capital	(184)	(185)	(184)	(185)
Other interest expenses	(50)	(148)	-	-
Derivatives				
Interest rate contracts	(1,379)	(340)	-	-
Total interest expenses*	**(1,872)**	**(822)**	**(184)**	**(185)**
Of this amount, interest expenses for genuine sale and repurchase transactions is recognised in:				
Due to credit institutions and central banks	(14)	(12)	-	-

*) Group total interest expenses contain negative interest income of DKK 1.0 million in 2022 (2021: 6.1 DKK million). In Holding total interest expenses contain negative interest expenses of DKK 0.3 million in 2022 (2021: 0.1 DKK million).

DKK MILLION	Group 2022	Group 2021	Holding 2022	Holding 2021

NOTE 5 NET INTEREST INCOME

	Group 2022	Group 2021	Holding 2022	Holding 2021
Net interest income from lending				
Loans and other receivables	1,422	936	-	-
Bonds	38	46	-	-
Due from credit institutions	(13)	3	-	-
Interest to credit institutions	(1)	(5)	(0)	(0)
Issued bonds	(244)	(138)	-	-
Other interest income	3	(13)	-	-
Derivatives	0	0	-	-
Interest rate contracts	(644)	(303)	-	-
Foreign exchange contracts	0	2	-	-
Total net interest income from lending	**562**	**529**	**(0)**	**(0)**
Net interest income from Finance activities				
Bonds	107	87	-	-
Due from credit institutions	20	12	-	-
Interest paid on additional Tier 2 capital	(184)	(185)	(184)	(185)
Other interest income	0	0	-	-
Interest to credit institutions	(13)	(2)	-	-
Other interest expenses	(49)	(135)	-	-
Total net interest income from Finance activities	**(119)**	**(222)**	**(184)**	**(185)**
Total net interest income	**442**	**306**	**(184)**	**(185)**

NOTE 6 FEE AND COMMISSION INCOME

	Group 2022	Group 2021	Holding 2022	Holding 2021
Guarantee commission	1	2	-	-
Fee and other commission income	12	31	-	-
Total fee and commission income	**14**	**32**	**-**	**-**

NOTE 7 MARKET VALUE ADJUSTMENTS

	Group 2022	Group 2021	Holding 2022	Holding 2021
Market value adjustment of bonds	(1,325)	(459)	-	-
Market value adjustment of shares	0	0	-	-
Exchange rate adjustments	(5)	1	-	-
Market value adjustment of derivative financial instruments	1,124	376	-	-
Total market value adjustments	**(206)**	**(82)**	**-**	**-**

NOTE 8 STAFF COSTS AND ADMINISTRATIVE EXPENSES

	Group 2022	Group 2021	Holding 2022	Holding 2021
Remuneration of the Board of Directors and Executive Board				
Board of Directors	(3)	(3)	-	-
Executive Board	(25)	(15)	0	(0)
Total remuneration of the Board of Directors and Executive Board	**(28)**	**(18)**	**0**	**(0)**
Staff costs				
Salaries and wages	(91)	(88)	(0)	(1)
Pensions	(9)	(9)	-	-
Social security costs and financial services employer tax	(22)	(21)	(0)	(0)
Total staff costs	**(123)**	**(118)**	**(0)**	**(1)**
Other administrative expenses	(38)	(34)	(2)	(2)
Total staff costs and administrative expenses	**(189)**	**(170)**	**(2)**	**(3)**
Number of employees - full-time equivalents	82	79	-	-
Average number of employees - full-time equivalents	81	79	-	-

DKK MILLION

NOTE 8 CONTINUED — INFORMATION ON REMUNERATION POLICY

Information about remuneration policy and practice for the Board of Directors, the Executive Board and other employees whose activities have a material impact on the company's risk profile.

The remuneration policy and remuneration report were adopted at the company's annual general meeting on 29 March 2022. The remuneration policy and remuneration report are available on the website of Danish Ship Finance A/S: https://www.shipfinance.dk/investor-relations/

In accordance with the remuneration policy, variable remuneration may be provided to the Executive Board and other employees whose activities have a material impact on the company's risk profile as well as employees in key functions.

Incentive bonus granted in the financial year relates to the performance of the preceeding year and may differ from the amount reserved in the preceeding year.

2022	Fixed salary/fee	Variable salary Incentive bonus	Variable salary Adjustment of variable pay for previous years	Total salary/fee	Number of recipients
Board of Directors in Danish Ship Finance A/S	2,950	-	-	2,950	12
Executive Board	15,214	5,058	2,869	23,141	3
Other employees whose activities have a material impact on the company's risk profile	13,148	2,365	1,115	16,628	7
Total	**31,312**	**7,423**	**3,984**	**42,719**	

Detailed information about remuneration for the Board of Directors and the Executive Board can be found in Danish Ship Finance A/S' remuneration report which include information on variable salary for the 2022 performance.

The variable remuneration of the Executive Board and other employees was provided as a bonus in the form of equity-like instruments (Total Shareholder Return) with a deferral period of five years for the Executive Board and four years for other employees, as well as a lock-up for one year.

The pension plans of all employees are defined contribution plans.

2021	Fixed salary/fee	Variable salary Incentive bonus	Variable salary Adjustment of variable pay for previous years	Total salary/fee	Number of recipients
Board of Directors in Danish Ship Finance A/S	2,950	-	-	2,950	12
Executive Board *)	14,871	909	213	15,993	3
Other employees whose activities have a material impact on the company's risk profile	12,169	1,075	196	13,440	7
Total	**29,990**	**1,984**	**410**	**32,384**	

*) Incemtive bonus is the estimated value at the time of allocation in 2021.

The Executive Board received a variable remuneration in the form of warrants in Danish Ship Finance Holding A/S.

The variable remuneration terms and pension plans for 2021 for other employees were identical with the terms for 2022.

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 9 AUDIT FEES

	2022	2021	2022	2021
Fees for statutory audit of financial statements	(0.9)	(1.1)	(0.1)	(0.1)
Fees for tax advisory services	(0.1)	(0.0)	-	-
Fees for non-audit services	(0.3)	(0.0)	-	-
Fees for other assurance engagements	(0.1)	(0.1)	-	-
Total fees	**(1.4)**	**(1.3)**	**(0.1)**	**(0.1)**

Fees for non-audit services provided by EY Godkendt Revisionspartnerselskab to Danish Ship Finance A/S cover accounting and reporting advisory.

NOTE 10 TAX

	2022	2021	2022	2021
Tax on profit for the year				
Estimated tax on profit for the year	(147)	(49)	-	-
Changes in deferred tax	6	18	41	41
Adjustment for reduction of corporation tax rate	0	0	0	0
Adjustment of prior-year tax charges	8	7	0	7
Adjustment to deferred tax due to higher corprate tax rate 1 January 2023 (financial special tax)	7	-	-	-
Total tax	**(125)**	**(23)**	**41**	**48**

Effective tax rate	**%**	**%**	**%**	**%**
Tax rate in Denmark	22.0	22.0	22.0	22.0
Non-taxable income and non-deductible expenses	(0.1)	2.3	(0.1)	(0.1)
Adjustment of prior-year tax charges	(1.2)	(5.6)	0.0	3.7
Adjustment for reduction of corporation tax rate	(1.2)	-	-	-
Effective tax rate	**19.5**	**18.6**	**21.9**	**25.6**

The estimated tax on the profit for the year is calculated at a tax rate of 22.0%, while deferred tax items for DSF are calculated at a tax rate of 26.0% according to the special tax. The special tax does not apply for DSH.

NOTE 11 DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

	2022	2021	2022	2021
Genuine purchase and resale transactions (reverse repo)	(0)	367	-	-
Other receivables	46	27	24	6
Total due from credit institutions and central banks	**46**	**394**	**24**	**6**

	2022	2021	2022	2021
Broken down by due date				
Demand deposits	46	27	24	6
Up to 3 months	(0)	367	-	-
Total due from credit institutions and central banks	**46**	**394**	**24**	**6**

The company has no term deposits with central banks.

NOTE 12 LOANS AT AMORTISED COST *)

	2022	2021	2022	2021
At 1 January	36,293	32,078	-	-
Additions	6,577	9,380	-	-
Ordinary repayments and redemptions	(5,765)	(4,962)	-	-
Extraordinary repayments	(4,779)	(3,047)	-	-
Net change concerning revolving credit facilities	(573)	461	-	-
Exchange rate adjustment of loans	2,017	2,152	-	-
Other adjustments	0	(128)	-	-
Change in amortised cost for the year	(5)	36	-	-
Depreciation, amortisation and impairment for the year	265	323	-	-
At 31 December	**34,029**	**36,293**	**-**	**-**

**) The figures relate to Danish Ship Finance A/S*

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 13 LOANS AT AMORTISED COST BROKEN DOWN BY DUE DATE

	2022	2021	2022	2021
Gross loans at exchange rates at the balance sheet date	34,756	37,284	-	-
Accumulated loan impairment charges	(726)	(991)	-	-
Total loans	**34,029**	**36,293**	**-**	**-**
Total loans broken down by due date				
Up to 3 months	1,428	1,981	-	-
From 3 months to 1 year	3,924	4,230	-	-
From 1 to 5 years	23,715	25,329	-	-
Over 5 years	4,962	4,753	-	-
Total loans	**34,029**	**36,293**	**-**	**-**
Total loans				
Loans at fair value	34,155	37,066	-	-
Loans at amortised cost	34,029	36,293	-	-

Loans at fair value are assessed using the market value of fixed-rate loans.

NOTE 14 NON-PERFORMING LOANS

	2022	2021	2022	2021
Impaired loans (rating category 11)				
Loans subject to forbearance or otherwise impaired, gross	544	635	-	-
Accumulated loan impairment charges	(218)	(231)	-	-
Impaired loans, net	**326**	**404**	**-**	**-**
Defaulted loans (rating category 12)				
Loans in default, gross	701	1,276	-	-
Loan impairment charges	(296)	(569)	-	-
Defaulted loans, net	**405**	**707**	**-**	**-**
Non-performing loans, gross (NPL)	**1,245**	**1,911**	**-**	**-**
Non-performing loans, net (net NPL)	**731**	**1,111**	**-**	**-**
NPL ratio	**3.6%**	**5.1%**	**-**	**-**
Net NPL ratio	**2.1%**	**3.0%**	**-**	**-**

NPL ratio definition: NPL divided by loan book.
Net NPL ratio definition: Net NPL divided by loan book after loan impairment charges.

Note 16 provides detailed information about loan-to-value intervals for the total loan book and for non-performing loans.

NOTE 15 LOAN IMPAIRMENT CHARGES/LOSS ALLOWANCES

	2022	2021	2022	2021
The following impairment charges/loss allowances were made on loans/credit commitments				
Individual impairment charges	726	991	-	-
Loss allowances for loan commitments	9	16	-	-
Total	**736**	**1,007**	**-**	**-**
Accumulated loan impairment charges as % of the loan book	**2.1**	**2.6**	**-**	**-**
Reconciliation of total allowance account				
At 1 January	1,007	1,330	-	-
New impairment charges/loss allowances	253	277	-	-
Reversal of loan impairment charges/loss allowances	(523)	(307)	-	-
Gross write-offs debited to the allowance account	(2)	(293)	-	-
Total	**736**	**1,007**	**-**	**-**
Loan impairment charges for the period				
New loan impairment charges/loss allowances	(253)	(277)	-	-
Reversal of loan impairment charges/loss allowances	523	307	-	-
Reclassification of interest	0	0	-	-
Recovery on loans previously written off	313	9	-	-
Loan impairment charges	**583**	**39**	**-**	**-**

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 16 **CREDIT RISK**

	2022	2021	2022	2021
Reconciliation of loans and guarantees (loan book)				
Balance sheet				
Loans at amortised cost	34,029	36,293	-	-
Other receivables	164	160	-	-
Loan impairment charges	726	991	-	-
Total balance sheet items	**34,920**	**37,444**	**-**	**-**
Off-balance sheet items				
Guarantees	85	101	-	-
Total off-balance sheet items	**85**	**101**	**-**	**-**
Total loans and guarantees	**35,005**	**37,544**	**-**	**-**
Reconciliation of other contingent liabilities				
Credit commitments	2,667	3,356	-	-
Total other contingent liabilities	**2,667**	**3,356**	**-**	**-**
Reconciliation of financial exposure				
Due from credit institutions and central banks	46	394	24	6
Bonds	20,217	16,007	-	-
Shares, etc.	75	0	-	-
Derivatives	775	1,153	-	-
Total financial exposure	**21,113**	**17,554**	**24**	**6**
Total credit risk from loans, guarantees, credit commitments and financi	**58,785**	**58,454**	**24**	**6**

RATING CATEGORY BREAKDOWN

The internal DSF Rating scale consists of 12 rating categories.

The main objective of the DSF Rating model is to rank clients according to credit risk and to estimate each client's probability of default (PD). As an integral part of the credit risk management, each client is assigned a DSF Rating, and the DSF Rating is reviewed upon receipt of new information or in case of a risk event, and at least annually.

Clients with non-performing loans are placed in DSF Rating category 11 or 12. This includes clients with loans for which no loan impairment charges have been recognised, for example because adequate collateral has been provided.

Loan book before loan impairment charges broken down by rating category

	Group		Holding	
DSF RATING	**LOANS AND GUARANTEES**		**LOANS AND GUARANTEES**	
	2022	**2021**	**2022**	**2021**
1 - 2	-	-	-	-
3 - 4	4,495	4,659	-	-
5 - 6	16,646	17,188	-	-
7 - 8	12,588	13,188	-	-
9 - 10	31	598	-	-
11	544	635	-	-
12	701	1,276	-	-
Total	**35,005**	**37,544**	**-**	**-**

DKK MILLION

NOTE 16 CONTINUED

STAGES FOR CHANGES IN CREDIT RISK

Loan book before loan impairment charges broken down by rating category and stages for 2022

DSF RATING	STAGE 1	STAGE 2	STAGE 3	LOANS AND GUARANTEES Total
1	-	-	-	-
2	-	-	-	-
3	2,075	-	-	2,075
4	2,420	-	-	2,420
5	5,806	-	-	5,806
6	10,840	-	-	10,840
7	10,442	-	-	10,442
8	2,146	-	-	2,146
9	-	31	-	31
10	-	-	-	0
11 (impaired)	-	-	544	544
12 (default)	-	-	701	701
Total	**33,728**	**31**	**1,245**	**35,005**

Credit commitments broken down by rating category and stages for 2022

DSF RATING	STAGE 1	STAGE 2	STAGE 3	CREDIT COMMITMENTS Total
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	366	-	-	366
6	1,198	-	-	1,198
7	647	-	-	647
8	456	-	-	456
9	-	-	-	-
10	-	-	-	-
11 (impaired)	-	-	-	-
12 (default)	-	-	-	-
Total	**2,667**	**-**	**-**	**2,667**

Loan book before loan impairment charges broken down by rating category and stages for 2021

DSF RATING	STAGE 1	STAGE 2	STAGE 3	LOANS AND GUARANTEES Total
1	-	-	-	-
2	-	-	-	-
3	1,953	-	-	1,953
4	2,706	-	-	2,706
5	5,158	-	-	5,158
6	12,030	-	-	12,030
7	7,955	3,228	-	11,183
8	2,005	-	-	2,005
9	-	204	-	204
10	-	394	-	394
11 (impaired)	-	-	635	635
12 (default)	-	-	1,276	1,276
Total	**31,807**	**3,827**	**1,911**	**37,544**

Credit commitments broken down by rating category and stages for 2021

DSF RATING	STAGE 1	STAGE 2	STAGE 3	CREDIT COMMITMENTS Total
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	741	-	-	741
5	142	-	-	142
6	1,213	-	-	1,213
7	914	-	-	914
8	346	-	-	346
9	-	-	-	-
10	-	-	-	-
11 (impaired)	-	-	-	-
12 (default)	-	-	-	-
Total	**3,356**	**-**	**-**	**3,356**

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NOTE 16 CONTINUED **STAGES FOR CHANGES IN CREDIT RISK**

Changes in total allowance account broken down by stages

	STAGE 1	STAGE 2	STAGE 3	TOTAL
At 1 January 2022	171	37	800	1,007
Transferred to stage 1 during the period	7	(7)	-	-
Transferred to stage 2 during the period	-	-	-	-
Transferred to stage 3 during the period	-	-	-	-
New impairment charges/loss allowances	101	12	140	253
Reversal of impairment charges/loss allowances	(69)	(30)	(424)	(523)
Gross write-offs for the period	-	-	(2)	(2)
Total ECL allowance account at 31 December 2022	**210**	**12**	**514**	**736**
Of which:				
- Accumulated loan impairment charges	201	12	514	726
- Accumulated loss allowances for credit commitments	9	-	-	9
Of which:				
- Management judgments	0	0	85	85

	STAGE 1	STAGE 2	STAGE 3	TOTAL
At 1 January 2021	135	144	1,051	1,330
Transferred to stage 1 during the period	-	-	-	-
Transferred to stage 2 during the period	-	-	-	-
Transferred to stage 3 during the period	-	-	-	-
New impairment charges/loss allowances	117 -		160	277
Reversal of impairment charges/loss allowances	(81)	(107)	(118)	(307)
Gross write-offs for the period	-	-	(293)	(293)
Total ECL allowance account at 31 December 2021	**171**	**37**	**800**	**1,007**
Of which:				
- Accumulated loan impairment charges	155	37	800	991
- Accumulated loss allowances for credit commitments	16	-	-	16
Of which:				
- Management judgments	0	0	75	75

Classification, stage migration and impairment charges

The classification of loans between stage 1 and 2 for the purpose of calculating loan impairment charges for expected credit loses ("ECL") depends on whether the credit risk has increased significantly since initial recognition and/or is showing significant signs of weakness. All credit-impaired loans are placed in stage 3.

The stage migration of a loan is closely linked to the development of the client's DSF Rating. The assessment of whether the credit risk has increased significantly since initial recognition and/or is showing significant signs of weakness is supported by an internally developed stage migration model, which is based on a combination of the internal rating model and the rating model used by the Danish FSA according to guidelines set out in the Executive Order on Financial Reports.

For loans classified in stage 1, loan impairment charges for 12-month ECL are recognised, and for loans in stages 2 and 3, loan impairment charges for lifetime ECL are recognised.

The Risk Report provides more detailed information.

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NOTE 16
CONTINUED

Arrears/Past-due loans
Loans in arrears/past due for 30 days or more (but less than 90 days) are generally showing significant signs of weakness, and they are classified as stage 2 for the purpose of calculating ECL. Loans in arrears/past due for 90 days or more are in default, and they are classified as stage 3 for the purpose of calculating ECL. For all such loans, ECL arising over their remaining lifetime have been recognised.

Covid-19 concessions
Forbearance practices continue to be able to cater for clients materially affected by the Covid-19 pandemic.

We did not receive any client requests for Covid-19 concessions in either 2021 or 2022.

From 1 January 2023, the European Banking Authority (EBA) has decided to repeal guidelines on Covid-19 reporting and disclosure, due to the decreasing relevance of Covid-19 related public support measures.

Credit risk mitigation
All loans are granted against a first line mortgage in vessels, assignment in respect of each vessel's primary insurances and where relevant, supplementary collateral.

The USD market value of mortgaged vessels increased by 1.5% on average in 2022.

Loan book after loan impairment charges broken down by LTV interval

	Group		Holding	
LTV	**SHARE OF LOANS**		**SHARE OF LOANS**	
INTERVAL	**2021**	**2020**	**2021**	**2020**
0 - 20 %	50%	49%	-	-
20 - 40 %	38%	37%	-	-
40 - 60 %	11%	13%	-	-
60 - 80 %	0%	1%	-	-
80 - 90 %	0%	0%	-	-
90 - 100 %	0%	0%	-	-
Over 100 %	0%	0%	-	-

The table above shows that at year-end 100% (2021: 99%) of all loans were secured within 60% of the market value of the mortgage.

The weighted loan-to-value ratio on the loan book after loan impairment charges was 43% (2021: 44%).

Non-performning loans after loan impairment charges broken down by loan-to-value interval

	Group		Holding	
LTV	**SHARE OF LOANS**		**SHARE OF LOANS**	
INTERVAL	**2021**	**2020**	**2021**	**2020**
0 - 20 %	60%	48%	-	-
20 - 40 %	37%	37%	-	-
40 - 60 %	3%	15%	-	-
60 - 80 %	0%	1%	-	-
80 - 90 %	0%	0%	-	-
90 - 100 %	0%	0%	-	-
Over 100 %	0%	0%	-	-

The table above shows that at year-end 100% (2021: 99%) of non-performing loans were secured within 60% of the market value of the mortgage.

The weighted average loan-to-value ratio for non-performing loans after loan impairment charges was 36% (2021: 47%).

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 17 BONDS AT FAIR VALUE

	2022	2021	2022	2021
Bond portfolio				
Own non-callable bonds (amortised cost)	1,925	3,225	-	-
Non-callable bonds (fair value)	14,944	15,626	-	-
Non-callable bonds, hold to maturity (amortised cost)	4,920	-	-	-
Callable bonds (fair value)	353	381	-	-
Total portfolio of bonds	**22,142**	**19,232**	**-**	**-**
Own bonds (offset against issued bonds at amortised cost)	(1,925)	(3,225)	-	-
Total bond portfolio	**20,217**	**16,007**	**-**	**-**
Bond portfolio				
Own bonds (amortised cost)	1,925	3,225	-	-
Government bonds and bonds issued by KommuneKredit (fair value)	1,537	2,385	-	-
Mortgage bonds (fair value)	13,760	13,622		
Mortgage bonds, hold to maturity (amortised cost)*	4,920	-	-	-
Total portfolio of bonds	**22,142**	**19,232**	**-**	**-**
Own bonds (offset against issued bonds at amortised cost)	(1,925)	(3,225)	-	-
Total bond portfolio	**20,217**	**16,007**	**-**	**-**

*) Fair value of mortgage bonds, hold to maturity amounts to DKK 4,822 million (2021: DKK - million)

NOTE 18 BONDS BY TIME TO MATURITY

	2022	2021	2022	2021
Bond portfolio				
Bonds with a maturity up to and including 1 year	2,757	4,107	-	-
Bonds with a maturity over 1 year and up to and including 5 years	15,964	8,774	-	-
Bonds with a maturity over 5 years and up to and including 10 years	974	1,417	-	-
Bonds with a maturity over 10 years	522	1,709	-	-
Total bonds specified by time to maturity	**20,217**	**16,007**	**-**	**-**

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 19

CSA COLLATERAL

Collateral under CSA agreements				
Collateral received	1,621	12	-	-
Collateral delivered	(827)	(1,274)	-	-
Net value of collateral under CSA agreements	**794**	**(1,262)**	**-**	**-**

The bonds received and delivered have been recognised in the balance sheet so that they reduce the market values of derivatives by the market value of the bonds at the balance sheet date. The portfolio of bonds at fair value has been adjusted correspondingly by the net market value hereof.

NOTE 20

SHARES, ETC.

Listed shares	75	0	-	-
Unlisted shares recognised at fair value	-	-	-	-
Total shares, etc.	**75**	**0**	**-**	**-**

NOTE 21

SHARES IN ASSOCIATED COMPANIES

Cost, 1 January	-	-	4,088	4,088
Additions	-	-	-	-
Redemptions	-	-	-	-
Cost, 31 December	**-**	**-**	**4,088**	**4,088**
Depreciation, amortisation and impairment losses, 1 January	-	-	(663)	(691)
Dividend	-	-	(187)	(180)
Value adjustment for the period	-	-	0	0
Profit share	-	-	558	208
Depreciation, amortisation and impairment losses, 31 December	**-**	**-**	**(293)**	**(663)**
Carrying amount, 31 December	**-**	**-**	**3,795**	**3,425**

NOTE 22

LAND AND BUILDINGS

Owner-occupied property				
Valuation, 1 January	334	325	-	-
Acquisition	-	-	-	-
Property improvements during the year	8	9	-	-
Revaluations	-	-	-	-
Revaluation including improvements, 31 December	**342**	**334**	**-**	**-**
Accumulated depreciation, 1 January	2	2	-	-
Depreciation for the year	0	0	-	-
Accumulated depreciation, 31 December	**2**	**2**	**-**	**-**
Total revaluation, 31 December	**340**	**332**	**-**	**-**

The owner-occupied properties are the office properties at Sankt Annæ Plads 3, Copenhagen (public property valuation on 13 December 2022: DKK 79 million) and Langebrogade 5, Copenhagen (public property valuation on 13 December 2022: DKK 88 million).

The domicile properties have been valued based on rent levels and yields for similar properties in the respective areas. Consequently, a recalculation has been made to the recognised value. External experts have not been involved in valuing the owner-occupied properties.

In mid-July 2020, we entered into an agreement for the sale of our current domicile property at Sankt Annæ Plads and the property has therefore been valued based on its sale price. The sale will be effected once we move to our new offices, expected in 2023.

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 23 **OTHER TANGIBLE ASSETS**

	2022	2021	2022	2021
Cost, 1 January	13	12	-	-
Additions during the year	1	0	-	-
Disposals during the year	1	0	-	-
Cost, 31 December	**13**	**13**	**-**	**-**
Accumulated depreciation, 1 January	7	6	-	-
Disposals during the year	0	0	-	-
Depreciation during the year	1	1	-	-
Accumulated depreciation, 31 December	**7**	**7**	**-**	**-**
Total other tangible assets	**6**	**6**	**-**	**-**

NOTE 24 **OTHER ASSETS**

	2022	2021	2022	2021
Interest receivable	379	147	-	-
Prepayments to swap counterparties	12	17	-	-
Derivatives	775	1,153	-	-
Miscellaneous receivables	8	7	-	-
Total other assets	**1,174**	**1,324**	**-**	**-**

NOTE 25 **DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS**

	2022	2021	2022	2021
Repo transactions	2,786	509	-	-
Other amounts due	0	249	-	-
Total due to credit institutions and central banks	**2,786**	**758**	**-**	**-**
Broken down by due date				
On demand	-	-	-	-
Up to 3 months	2,786	758	-	-
Total due to credit institutions and central banks	**2,786**	**758**	**-**	**-**

DKK MILLION	Group		Holding	
	2022	2021	2022	2021
NOTE 26 ISSUED BONDS AT AMORTISED COST				
The figures relate to the subsidiary Danish Ship Finance A/S				
At 1 January	43,228	42,592	-	-
Additions in conjunction with pre-issuance	8,189	9,600	-	-
Amortisation of cost	(87)	(89)	-	-
Adjustment for hedge accounting	(1,204)	(71)	-	-
Exchange rate adjustment	(0)	(2)	-	-
Other adjustment	0	(115)	-	-
Own bonds	1,289	(2,300)	-	-
Ordinary and extraordinary redemptions	(10,013)	(6,386)	-	-
At 31 December	**41,402**	**43,228**	**-**	**-**
Specification of issued bonds				
Bonds issued in DKK				
Bullet bonds	35,669	35,170	-	-
Amortising CIRR bonds	73	161	-	-
Total Danish bonds	**35,742**	**35,330**	**-**	**-**
Bonds issued in foreign currency				
Bullet bonds	7,585	11,123	-	
Amortising CIRR bonds, at year-end exchange rates	-	-	-	-
Total bonds issued in foreign currency	**7,585**	**11,123**	**-**	**-**
Own bonds	(1,925)	(3,225)	-	-
Total issued bonds	**41,402**	**43,228**	**-**	**-**
Broken down by term to maturity				
Up to 3 months	1,428	625	-	-
From 3 months to 1 year	49	3,739	-	-
From 1 to 5 years	33,754	31,884	-	-
Over 5 years	8,096	10,206	-	-
Issued bonds, total before set-off against portfolio of own bonds	**43,327**	**46,454**	**-**	**-**
Own bonds	(1,925)	(3,225)	-	-
Total issued bonds	**41,402**	**43,228**	**-**	**-**

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 27 **OTHER LIABILITIES**

Interest payable	242	146	0	21
Derivatives	1,381	779	-	-
Tax	0	0	-	-
Other liabilities	98	62	86	103
Total other liabilities	**1,720**	**986**	**86**	**124**

NOTE 28 **DEFERRED TAX**

Deferred tax, 1 January	50	72	158	141
Initial adjustment regarding IFRS 9	0	-	-	-
Adjustment of prior-year	0	(21)	-	-
Estimated deferred tax on profit for the year	7	(2)	(143)	18
Adjustment for increase in corporate tax rate	7	0	-	-
Total deferred tax	**64**	**50**	**15**	**158**

		Group		Holding
	2022	2022	2022	2022
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax net**	**Deferred tax net**
Property, plant and equipment	0	(21)	(21)	0
Loans	36	0	36	0
Shares, etc.	2	0	2	0
Issued bonds	9	0	9	0
Payables	12	0	12	12
Employee obligations	18	0	18	3
Balance of tax losses	0	0	0	0
Adjustment for increase in corporate tax rate[1]	11	(4)	7	-
Total deferred tax	**88**	**(24)**	**64**	**15**

1) Deferred tax items for DSF are calculated at a tax rate of 26.0% according to the financial special tax. The financial special tax does not apply for DSH.

NOTE 29 **SUBORDINATED DEBT**

Convertible debt instrument	2,000	2,000	2,000	2,000
Amortised initial expenses	0	0	0	0
Total subordinate loan capital	**2,000**	**2,000**	**2,000**	**2,000**

On 15 November 2016 the company raised a loan of DKK 2,000 million against the issue of debt instruments entitling the lenders to convert their claims into shares in the company subject to specified conditions. The loan matures on 15 May 2037, but may be prepaid on 15 May 2022. The loan carries interest at the rate of 8.5% + 3M Cibor (floored).

DKK MILLION	Group		Holding	
	2022	2021	2022	2021
NOTE 30 EQUITY				
Share capital				
A-shares	1,224	1,224	1,224	1,224
Total share capital	**1,224**	**1,224**	**1,224**	**1,224**

The share capital is divided into the following denominations:

A shares 122,389,960,000 shares of 0.01 DKK each

Each A share of DKK 0.01 entitles the holder to one vote.

The company's holding of treasury shares totals 203,083,537 shares and the value has been deducted from the distributable reserves.

The tied-up reserve capital of Danish Ship Finance A/S may be used only to cover losses which cannot be covered by amounts available for dividend distribution. The tied-up reserve capital must as far as possible be restored by advance transfer of profit for the year, if, in prior years, it was wholly or partly used to cover losses. Hence, no dividends may be paid and no distributions may be made in connection with capital reductions until the tied-up reserve capital has been restored to the same nominal amount as the undistributable reserve had before being used wholly or partly to cover losses.

The tied-up reserve capital of Danish Ship Finance A/S was established in connection with the conversion from a foundation into a limited liability company in 2005 and has represented an unchanged amount of DKK 8,343 million under equity of Danish Ship Finance Holding A/S the tied-up reserve capital is regarded as non-controlling interests, and the DKK 5,943 million represents the fair value of the tied-up reserve capital at the date of acquisition of 15 November 2016 with the addition of the non-controlling interest shares of profit and dividends for the period.

DKK MILLION	Group	
	2022	2021
NOTE 31 CAPITAL ADEQUACY		
Common Equity Tier 1 capital		
Share capital	1,224	1,224
Tied-up reserve capital	4,719	4,735
Retained earnings	601	189
Revaluation reserves	-	-
Total Common Equity Tier 1 capital before deductions	**6,544**	**6,148**
Deductions from Common Equity Tier 1 capital		
Proposed dividends for the financial year	-	-
Additional capital charge pursuant to the Executive Order on a Ship Finance Institute	-	0
Prudent valuation pursuant to Article 105 of the CRR	31	24
Deductions for NPE Loss coverage	260	8
Positions of own shares	2	1
Total deductions from Common Equity Tier 1 capital	**294**	**34**
Common Equity Tier 1 capital after deductions	**6,250**	**6,115**
Addttional Tier 2 capital	**2,000**	**2,000**
Own funds after deductions	**8,250**	**8,115**
Risk exposure amount		
Assets outside the trading book	36,770	38,350
Off-balance sheet items	775	1,230
Counterparty risk outside the trading book	1,456	2,264
Market risk	2,680	3,346
Operational risk	813	829
Total risk exposure amount	**42,494**	**46,020**
Common Equity Tier 1 capital ratio	**14.7**	**13.3**
Tier 1 capital ratio	**14.7**	**13.3**
Total capital ratio	**19.4**	**17.6**
The risk exposure amount for market risk consists of:		
Position risk related to debt instruments	2,049	3,045
Position risk related to shares	93	18
Total currency position	538	284
Total risk-weighted items involving market risk	**2,680**	**3,346**

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 32 CONTINGENT LIABILITIES

	2022	2021	2022	2021
In the ordinary course of its lending operations, DSF has undertaken guarantee commitments of	85	101	-	-
Payment guarantee provided to the Danish Securities Centre	0	0	-	-
Guarantees provided to the Danish Securities Centre	-	-	-	-
Total contingent liabilities	**85**	**101**	**-**	**-**

NOTE 33 OTHER CONTINGENT LIABILITIES

	2022	2021	2022	2021
In the ordinary course of its lending operations, DSF has undertaken commitments in relation to unutilised drawing rights on loans with revolving credit facilities in the amount of	1,117	896	-	-
In the course of its lending operations, DSF has issued irrevocable credit commitments in the amount of	1,550	2,460	-	-
Total other contingent liabilities	**2,667**	**3,356**	**-**	**-**

NOTE 34 RELATED PARTIES

Related parties comprise members of the company's Executive Board and Board of Directors as well as its shareholders.

Related parties furthermore comprise Danish Ship Finance A/S, which became a related party in connection with the acquisition of the majority of the company's shares on 15 November 2016.

Transactions with the Executive Board and the Board of Directors concerned remuneration. See Note 8.

Related-party transactions concerning loans and loan offers totalled as at 31 December 2022 a nominal amount of DKK 1,417 million (as at 31 December 2021: DKK 1,456 million). Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

Furthermore, related-party transactions included settlement of administration services provided to Danish Ship Finance A/S and dividends from Danish Ship Finance A/S.

There were no related-party transactions other than as stated above.

DKK MILLION

NOTE 35 **HEDGE ACCOUNTING**

The company in part hedges the interest rate risk on fixed-rate assets and liabilities.
The effectiveness of such hedges is measured on a regular basis.

Group 2022	**NOMINAL VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
Commitments			
Issued bonds	16,141	14,895	15,227
Total commitments	**16,141**	**14,895**	**15,227**
Derivatives			
Interest rate swaps	(16,141)	1,125	1,125
Total derivatives	**(16,141)**	**1,125**	**1,125**
Net	**0**	**16,019**	**16,352**

Holding 2022	**NOMINAL VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
Commitments			
Issued bonds	-	-	-
Total commitments	**-**	**-**	**-**
Derivatives			
Interest rate swaps	-	-	-
Total derivatives	**-**	**-**	**-**
Net	**-**	**-**	**-**

Group 2021	**NOMINAL VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
Commitments			
Issued bonds	15,250	15,165	15,560
Total commitments	**15,250**	**15,165**	**15,560**
Derivatives			
Interest rate swaps	(15,250)	121	121
Total derivatives	**(15,250)**	**121**	**121**
Net	**0**	**15,287**	**15,681**

Holding 2021	**NOMINAL VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
Commitments			
Issued bonds	-	-	-
Total commitments	**-**	**-**	**-**
Derivatives			
Interest rate swaps	-	-	-
Total derivatives	**-**	**-**	**-**
Net	**-**	**-**	**-**

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 36 NOTIONAL PRINCIPALS OF OUTSTANDING DERIVATIVES

	Group 2022	Group 2021	Holding 2022	Holding 2021
Swap agreements				
Swap agreements have been made with the following parties to hedge the foreign exchange risk on loans and issued bonds:				
Receivables	73	161	-	-
Credit institutions	59,533	85,578	-	-
Swap agreements have been made with the following parties to hedge the interest rate risk on loans, bonds and issued bonds:				
Receivables	-	-	-	-
Credit institutions	113,544	132,962	-	-
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:				
Credit institutions	56,423	56,768	-	-
Forward interest rate and currency agreements				
Forward interest rate and currency agreements have been made with the following parties to hedge interest rate and foreign exchange risk:				
Credit institutions	12,966	31,745	-	-

DKK MILLION	Group POSITIVE	Group NEGATIVE	Holding POSITIVE	Holding NEGATIVE
NOTE 37 FAIR VALUES OF OUTSTANDING DERIVATIVES				
Swap agreements				
Swap agreements have been made with the following parties to hedge the foreign exchange risk on loans and issued bonds:				
Receivables	16	-	-	-
Credit institutions	1,284	92	-	-
Swap agreements have been made with the following parties to hedge the interest rate risk on loans, bonds and issued bonds:				
Receivables	-	-	-	-
Credit institutions	1,123	2,112	-	-
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:				
Credit institutions	2,580	2,821	-	-
Forward interest rate and currency agreements				
Forward interest rate and currency agreements have been made with the following parties to hedge interest rate and foreign exchange risk:				
Credit institutions	250	93	-	-
Netting of exposure value				
The positive gross fair value of financial contracts after netting				
Counterparty with risk weight of 0%	-	-	-	-
Counterparty with risk weight of 20%	1,025	-	525	-
Counterparty with risk weight of 50%	4,211	-	1,407	-
Counterparty with risk weight of 100%	16	-	26	-
Value of total counterparty risk calculated according to the market valuation method for counterparty risk				
Counterparty with risk weight of 0%	-	-	-	-
Counterparty with risk weight of 20%	278	-	580	-
Counterparty with risk weight of 50%	1,398	-	2,094	-
Counterparty with risk weight of 100%	16	-	26	-

DKK MILLION

NOTE 38 FOREIGN EXCHANGE RISK AND USE OF DERIVATIVES

The total unhedged foreign currency position at 31 December 2022, translated at year-end exchange rates into DKK, amounts to DKK 538 million (DKK -97 million at 31 December 2021).

All amounts are translated into DKK at the year-end exchange rates.

For the Group, the net position is specified as follows

	USD	OTHER CURRENCIES	TOTAL CURRENCY	DKK	TOTAL
Loans at year-end exchange rates	31,674	1,747	33,421	1,335	34,756
Loan impairment charges	-	-	-	(726)	(726)
Loans as per the balance sheet					**34,029**
Due from credit institutions and central banks	5	1	6	40	46
Bond portfolio	-	1,555	1,555	18,662	20,217
Interest receivable, other assets etc.	348	61	409	1,256	1,665
Total assets as per the balance sheet	**32,027**	**3,364**	**35,392**	**20,566**	**55,957**
Issued bonds at year-end exchange rates	0	(6,900)	(6,900)	(34,502)	(41,402)
Issued bonds as per the balance sheet					**(41,402)**
Due to credit institutions and central banks	(292)	(387)	(679)	(2,108)	(2,786)
Interest payable, other payables	(1)	0	(1)	(1,864)	(1,865)
Provisions	-	-	-	(9)	(9)
Subordinated capital	-	-	-	(2,000)	(2,000)
Minority	-	-	-	(6,024)	(6,024)
Total equity	-	-	-	(1,870)	(1,870)
Total liabilities as per the balance sheet	**(293)**	**(7,286)**	**(7,579)**	**(48,378)**	**(55,957)**
Derivatives					
- receivables	5,406	19,849	25,255		
Derivatives					
- payables	(37,003)	(15,526)	(52,529)		
Total net position	**138**	**401**	**538**		

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 39 **MARKET RISK SENSITIVITY**

Interest rate risk

The equity is invested primarily in Danish government and mortgage bonds. Some of the bond investments are in fixed-rate claims where the interest rate risk is partly hedged using DKK or EUR interest rate swaps. In the company's internal calculations, EUR rates and DKK rates are assumed to be fully correlated.

Calculated in accordance with internal calculation methods, the interest rate risk associated with a 1 percentage point increase in interest rates would technically lead to:	(94)	(20)	-	-
Calculated in accordance with internal calculation methods, the interest rate risk associated with a 1 percentage point decrease in interest rates would technically lead to:	82	(1)	-	-

Exchange rate risk

Most of the loans are denominated in USD, and most of the ship mortgages provided as collateral for the loans are also valued in USD. When calculating the collateral value of the ship mortgages for determining the level of loan impairment charges, a haircut is made to the market value of the vessel. For loans on which loan impairment charges have been made, there will typically be a difference in USD between the size of the credit exposure and the mortgage values. Other things being equal, the loan impairment charges will therefore be adversely affected in case of an increase and positively affected by a fall in the USD/DKK exchange rate. Since a small proportion of the loans are denominated in currencies other than the USD, while the ship mortgage in question is valued in USD, the total positive net effect from a fall in the USD/DKK exchange rate is reduced, and the sensitivity is thus not symmetric in the event of changes in the USD/DKK exchange rate.

Furthermore, earnings and loan impairment charges from lending are primarily denominated in USD and NOK which means that, other things being equal, an increase in these currencies against the DKK exchange rate would result in higher earnings from lending and vice versa if these currencies fall. The opposite applies to loan impairment charges.

An appreciation of the USD exchange rate against the DKK				
Change in net profit for the year and equity	45	30	-	-
Percentage change in total capital ratio	45.3	(2.1)	-	-
A depreciation of the USD exchange rate against the DKK				
Change in net profit for the year and equity	(49)	(31)	-	-
Percentage change in total capital ratio	2.5	2.6	-	-
An appreciation of the NOK exchange rate against the DKK				
Change in net profit for the year and equity	(25)	(29)	-	-
Percentage change in total capital ratio	(0.2)	(0.2)	-	-
A depreciation of the NOK exchange rate against the DKK				
Change in net profit for the year and equity	19	22	-	-
Percentage change in total capital ratio	0.2	0.2	-	-

The impact on net profit for the year and equity from a change in the USD and NOK exchange rates assumes a permanent change of 14 % (equals a DKK 1 change against the USD) for an entire financial year. The impact comprises the change in the value of ongoing net interest and fee income as well as the change in the need for loan impairment charges due to the change in the exchange rates in question.

The impact on the total capital ratio of a change in the currencies in question will occur immediately after the exchange rates change.

DKK MILLION	Group		Holding	
	2022	2021	2022	2021

NOTE 40

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

Financial instruments are measured in the balance sheet at fair value or amortised cost.

The difference between carrying amounts and fair-value based values, which are not recognised in the income statement and which are attributable to the difference between the amortised cost and the calculated fair value is shown below.

	2022	2021	2022	2021
Loans				
Measured at amortised cost	34,029	36,293	-	-
Measured at fair value	34,155	37,066	-	-
Difference between carrying amounts and fair-value based value of loans, total	**125**	**773**	**-**	**-**

Loans at fair value is assesed using the market value of fixed-rate loans.

	2022	2021	2022	2021
Issued bonds				
Measured at amortised cost, incl. hedging	41,402	43,228	-	-
Measured at fair value	41,363	43,842	-	-
Difference between carrying amounts and fair-value based value of issued bonds total	**(39)**	**613**	**-**	**-**

For issued bonds, the fair value is calculated on the basis of quoted market prices.
For unlisted bonds, the fair value is calculated on the basis of observable market data.
For fair value of hold-to-maturity bonds, see note 17.

NOTE 41 **SUPPLEMENTARY NOTES WITHOUT REFERENCE**

FINANCIAL RISKS AND POLICIES FOR FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT
DSF is exposed to different types of risk.

The most important types of risk are:

- Credit risk: The risk of loss caused by borrowers or counterparties failing to meet all or part of their payment obligations
- Market risk: The risk of loss resulting from changes in the fair value of the assets and liabilities as a result of changes in marked conditions.

CREDIT RISK
Credit risk is the risk of loss caused by borrowers or counterparties failing to meet all or part of their payment obligations, including risk associated with clients in financial difficulty, large exposures, concentration risk and risk on offered, non-disbursed loans.

The overall credit risk is managed on the basis of the company's credit policy, which the Board of Directors determines together with the overall risk management framework. The key objective of the credit policy is to ensure that earnings and risks are balanced, and that the assumption of risk is always quantified.

The credit process is controlled centrally by the Credit Department. The Executive Board and the Head of Credit have been authorised by the Board of Directors to grant loans up to pre-determined limits. The granting of loans must be disclosed at the subsequent ordinary board meeting. Other loans are granted by the Board of Directors. Note 16 includes a more detailed description of credit risk.

We have developed IT tools for managing and monitoring credit risk. The credit analysis system is used for monitoring purposes, and the system records key data regarding credit exposures and clients' financial standing to detect warning signals for exposures at an early stage as well as to monitor portfolios and client groups.

In addition, a number of risk events have been defined as representing credit impairment and default.

MARKET RISK
Market risk is defined as the risk of changes in the market value of the company's financial assets and liabilities because of changes in market conditions.

Market risk can be divided into interest rate risk, equity price risk, foreign exchange risk and liquidity risk.

The Board of Directors determines the general policies, frameworks and principles for risk management. The policies cover the identification and calculation of various types of market risk. The frameworks indicate specific limits on the extent of risk the company is ready to assume. The principles establish the methods to be used in calculating the various risk targets. The Board of Directors receives continuous reporting on risk developments and the utilisation of allocated risk limits.

The purpose of the company's market risk policy is to ensure that the market risk at all times is appropriate in relation to the total capital. The objective of the market risk policy is also to ensure that the company consistently maintains adequate and appropriate handling and management of market risk.

The Risk Management function is responsible for calculating, monitoring, controlling and reporting market risk to the Board of Directors and Executive Board. The function is independent of front office department. The market risks are managed and monitored via a risk management system. We follows up on all material types of market risk with respect to all units subject to instructions, and failure to comply with instructions is escalated accordingly to policy.

Notes 38-39 include more detailed descriptions of foreign exchange risk and market risk sensitivity.

For further information, please see the unaudited Risk Report at www.shipfinance.dk.

NOTE 42	DKK MILLION	Capital Centre Institute In General	Capital Centre A	Total

NOTE 42 CAPITAL CENTRES 2022

Pursuant to the executive order on the presentation of capital centres by Danish Ship Finance A/S, our financial statements are broken down by the individual underlying capital centres:

DKK MILLION	Capital Centre Institute In General	Capital Centre A	Total
Income statement			
Interest, loans and other receivables	1,185	238	1,422
Other interest and fee income, net	(651)	(131)	(782)
Market value adjustments	116	(322)	(206)
Staff costs and administrative expenses	(156)	(32)	(188)
Loan impairment charges	477	106	583
Tax	(197)	31	(166)
Net profit for the year	**773**	**(110)**	**663**
Assets			
Loans and other receivables at amortised cost	27,835	6,194	34,029
Other assets	20,386	1,558	21,944
Total assets	**48,221**	**7,753**	**55,974**
Liabilities			
Issued bonds at amortised cost	35,213	6,189	41,402
Other liabilities	4,809	8	4,817
Equity	8,199	1,556	9,755
Total liabilities	**48,221**	**7,753**	**55,974**
Transferrals of capital between capital centres	**501**	**(501)**	**0**

CAPITAL CENTRES 2021

Income statement			
Interest, loans and other receivables	777	159	936
Other interest and fee income, net	(332)	(68)	(400)
Market value adjustments	(108)	27	(82)
Staff costs and administrative expenses	(139)	(29)	(168)
Loan impairment charges	9	30	39
Tax	(45)	(26)	(72)
Net profit for the year	**161**	**93**	**254**
Assets			
Loans and other receivables at amortised cost	28,971	7,322	36,293
Other assets	15,477	2,687	18,165
Total assets	**44,448**	**10,010**	**54,457**
Liabilities			
Issued bonds at amortised cost	35,281	7,947	43,228
Other liabilities	1,899	5	1,904
Equity	7,268	2,057	9,325
Total liabilities	**44,448**	**10,010**	**54,457**
Transferrals of capital between capital centres	**(272)**	**272**	**0**

The financial statements of the individual capital centre are unaudited.

Complete financial statements for the individual capital centre are available on request.

Directorships and executive positions

This section lists positions, other directorships, executive positions and fiduciary positions held by board members at the date of publication of the Annual Report for 2022.

Board of Directors

Christian Frigast
Chairman
Born on 23 November 1951
Nationality: Danish

Directorships and executive positions:
Chairman of the Board of Directors of:
Axcelfuture, Axcel's think tank
Axcel Management
Danish Ship Finance Holding A/S
EKF (Denmark's export credit agency)
Brancheforeningen for Aktive Ejere i Danmark (Active Owners)
The Board Leadership Society in Denmark
Vice Chairman of the Board of Directors of:
Pandora
PostNord
Axcel Advisory Board
Member of the Board of Directors:
Nissens A/S
Associate professor at CBS (Copenhagen Business School)
Danmarks Eksport & Investeringsfond

Michael N. Pedersen, Management Executive, PKA A/S
Born on 8 July 1961
Nationality: Danish

Directorships and executive positions:
Management Executive of:
Property companies owned by the three pension funds managed by PKA A/S
Ejendomsselskabet Dronningegården
OPP HoldCo ApS
A/S Kjøbenhavns Ejendomsselskab
Forstædernes Ejendomsaktieselskab
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.

Member of the Board of Directors of:
Danish Ship Finance Holding A/S
Refshaleøens Ejendomsselskab A/S
Refshaleøen Holding
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
Investeringsselskabet af 24. februar 2015 A/S
Brokvarteret P/S
P/S Tranders Høje
P/S Fredensgård
Institutional Holding P/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 APS
PKA Private Funds I GP ApS
PKA Private Funds III GP ApS
PKA Private Funds IV GP ApS
PS Gjellerup
Tuborg Havnevej I/S
Tuborg Havnevej I I/S
PKA Ejendomme I I/S
PKA Ejendomme af 2013 I/S
PKA Projektselskab I/S
Institutional Holding GP ApS
PKA Ejendomme af 2012 I/S

Anders Damgaard, Group CFO, PFA Pension
Born on 8 August 1970
Nationality: Danish

Directorships and executive positions:
Member of the Board of Directors of:
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

Executive Board

Erik I. Lassen, CEO
Executive positions in other business enterprises:
CEO at Danish Ship Finance A/S

Michael Frisch
Executive positions in other business enterprises:
Member of the Executive Board at Danish Ship Finance A/S

Lars Jebjerg
Executive positions in other business enterprises:
Member of the Executive Board at Danish Ship Finance A/S