Annual Report 2023
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 considered and approved the Annual Report of Danish Ship Finance Holding A/S (DSH) for the financial year 1 January – 31 December 2023.

The consolidated financial statements and the parent company financial statements for DSH have is presented in accordance with the requirements provided by the legislation, including requirements in the Danish Financial Business Act, the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. and the requirements provided by Danish Ship Finance's articles of association.

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 2023 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 19 March 2024.

Copenhagen, 28 February 2024

Executive Board

Erik Ingvar Lassen
Chief Executive Officer

Lars Jebjerg
Chief Financial 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 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including material accounting policy information, 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 2023 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2023 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 3 years up until the financial year 2023.

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 relevant law and regulations.

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 relevant law and regulations. 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, 28 February 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard	Thomas Hjortkjær Petersen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne28632	mne33748

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 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				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Net interest income from lending	415	562	529	488	503	(0)	(0)	(0)	(0)	(0)
Net interest income from investment activities	(53)	(119)	(222)	(146)	(72)	(240)	(184)	(185)	(187)	(186)
Total net interest income	362	442	306	342	432	(240)	(184)	(185)	(187)	(187)
Net interest and fee income	377	456	338	363	458	(240)	(184)	(185)	(187)	(187)
Market value adjustments	175	(206)	(82)	(150)	(197)	-	-	-	-	-
Staff costs and administrative expenses	(206)	(189)	(170)	(159)	(167)	(4)	(2)	(3)	(1)	(2)
Loan impairment charges	506	583	39	(100)	2	-	-	-	-	-
Income from investments in subsidiary undertaking	-	-	-	-	-	707	558	208	96	186
Profit before tax	851	643	124	(47)	94	461	371	19	(93)	(4)
Net profit for the year	626	517	101	(53)	58	515	412	67	(62)	38
Loans and other receivables at amortised cost	31,187	34,029	36,293	32,078	39,337	-	-	-	-	-
Issued bonds	43,595	41,402	43,228	42,592	47,968	-	-	-	-	-
Additional tier 2 capital	2,000	2,000	2,000	1,990	1,979	2,000	2,000	2,000	1,990	1,979
Equity *)	2,381	1,870	1,459	1,403	1,449	2,446	1,934	1,524	1,454	1,488
Total assets	64,234	58,802	54,533	59,935	67,113	4,493	4,020	3,648	3,540	3,490

*) 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 515 million against DKK 412 million in 2022, and DKK 626 million for the Group, against DKK 517 million in 2022.

Net interest and fee income were an expense of DKK 240 million for Holding and income of DKK 377 million for the Group. In 2022, net interest and fee income was an expense of DKK 184 million for Holding and income of DKK 456 million for the Group.

Market value adjustments, exclusively relating to DSF, contributed with an income of DKK 175 million in 2023 for the Group against a loss of DKK 206 million in 2022.

In 2023, staff costs and administrative expenses amounted to DKK 4 million for Holding and DKK 206 million for the Group, compared with DKK 2 million for Holding and DKK 189 million for the Group in 2022.

Income from investments in subsidiaries, corresponding to Holding’s share of net profit for the year of DSF, was DKK 707 million in 2023, against DKK 558 million in 2022 in DSH.

Tax on profit for the year was an income of DKK 54 million in Holding. The total tax expense for the Group was DKK 225 million for 2023.

The Danish Parliament has 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 which entails the corporate tax rate for these companies will be 25.2% for 2023 and 26.0% for 2024 and going forward which is implemented for DSF. The special tax does not apply for DSH.

Balance sheet and capital structure
Holding's total assets amounted to DKK 4,493 million at 31 December 2023, compared with DKK 4,020 million at the end of 2022.

Assets consisted mainly of shares in subsidiary undertakings amounting to DKK 4,422 million, and liabilities were mainly additional tier 2 capital of DKK 2,000 million and equity of DKK 2,446 million.

At 31 December 2023, the Group's total assets were DKK 64,234 million, of which loans and other receivables at amortised cost amounted to DKK 31,187 million and bonds DKK 26,118 million. The corresponding figures at the end of 2022 were DKK 58,802 million, DKK 34,029 million and DKK 20,217 million.

The Group's consolidated capital ratio was 20.7% at 31 December 2023, compared with 19.4 % at the end of 2022.

At Group level, adequate own funds, including combined capital buffer requirements, were calculated at DKK 5,607 million at 31 December 2023, corresponding to 13.3% of the total risk exposure amount. This corresponded to excess available capital in the amount of DKK 3,121 million at the end of 2023, against DKK 2,673 million at the end of 2022.

Events after the balance sheet date
No events have occurred after the balance sheet date which materially affect the assessment of the Annual Report 2023.

Financial results relative to outlook (DSF)
The net profit of DKK 818 million for 2023 for Danish Ship Finance significantly exceeded our original expectations.

We upgraded our net profit guidance for Danish Ship Finance for the year in company announcements on 27 November 2023 and 18 January 2024. As communicated in those announcements, key drivers of the annual result were substantial reversals of loan impairment charges due to the resolution of certain legacy non-performing loans and a very satisfactory income contribution from the investment portfolios.

Aggregate business performance in 2023 was in line with expectations. Albeit the relative result contributions from the different business activities slightly changed, these were comparable to historical norms, as investment of own funds again made a significant contribution.

Investment returns were solidly positive in 2023. This reflected above all a conclusive exit from the era of negative central bank interest rates of the past several years. Conditions in fixed income markets were relatively benign. Occasional volatility, most notably in covered bond markets, was well contained by defensive positioning. The result was realised on a very stable and predictable basis.

Notwithstanding healthy new lending activity, the loan book did not grow as expected in 2023, as many shipowners continued to benefit from elevated earnings and with investment in fleet renewal mostly subdued, many chose to prepay on existing loans. Pricing of new shipping loans remained highly competitive as lenders actively competed for the financing transactions in the market.

Net funding requirements were not significant in 2023. Investors showed good interest in our EUR benchmark issuance in the fourth quarter of 2023 and in the open DKK bond series. Funding costs remained stable throughout the year. Investors remained actively engaged in many productive dialogues, particularly around shipping, our business and sustainability topics.

As expected, we were able to sustain, and even improve on, very strong credit quality metrics and loan-to-value ratios. Loan book credit quality was again bolstered by the resolution of legacy non-performing loans and reversal of loan impairment charges amounting to DKK 506 million with large recoveries on loans previously written off.

Operating costs developed largely as expected, albeit with an increase in variable compensation costs due to the higher-than-originally-expected net profit. Our Operational Excellence efforts were augmented by the establishment of a Digitalisation team, tasked with driving business process improvement across the organisation.

The previously announced review of the ownership of Danish Ship Finance Holding and evaluation of the Group capital structure remains ongoing.

Liquidity and solvency ratios again remained at very healthy levels in 2023.

No material market impacts relating to upcoming regulations were observed in 2023.

Shipping markets were characterised by diverging trends during 2023. This was generally in line with the outlook that we set out in the 2022 Annual Report. The Container segment continued to suffer from surplus vessel capacity during the year, even though the tensions in the Red Sea have caused a short-term increase in earnings. Market fundamentals in the Dry Bulk segment also weakened, as a reduction of port congestion increased the active supply of vessels. Conversely, increased global oil demand coupled with limited fleet growth has kept earnings high in the Tanker segments.

Outlook for 2024

We expect greater divergence between shipping segments to materialise in the coming year. Tankers and Gas vessels are likely to continue to experience elevated demand, partly as a consequence of geopolitical events affecting supply patterns. On the other hand, market activity and earnings in other segments have started to moderate from the previous extraordinary levels, most notably for large Container Liners. Deliveries of newbuild vessels are likely to cause the supply-demand balance to deteriorate. Dry Bulk could see the current market balance maintained, although further deterioration of conditions in the Chinese property sector represents a downside risk to the outlook.

Overall, the earnings outlook for shipping in 2024 is more mixed than in 2023, in our view, with a gradual normalisation of rates and values in some segments. We expect that earnings and vessel values will remain elevated in the Tankers and Gas segments, while lower rates in the Container segment will likely depress values. The outlook for small and mid-sized Dry Bulk vessels seems more resilient, while the still-struggling Chinese property sector may negatively impact demand for larger Dry Bulk vessels. We expect the present security situation in the Red Sea to provide a short-term uptick in freight rates, particularly in the Container segment and to a lesser extent for Gas and Car Carriers, as vessels are rerouted from the Suez Canal to around the Cape of Good Hope. We expect little impact on freight rates in the medium term, as third-party countries will seek to re-establish safe passage. Conversely, Container freight rates will suffer from significant fleet growth in 2024.

Secondhand prices in some segments are expected to decline, particularly where technological change, declining demand and increased scrapping activity are lowering vessels' economic lifetimes. Container and Capesize Bulk vessels seem most exposed.

A normalisation of vessel values will provide a favourable environment for new lending activity compliant with our objective of strong credit metrics and comfortable loan-to-value ratios being sustained. We expect that the outsized volume of loan pre-payments experienced in the past 18 months as a consequence of inflated sector earnings will gradually subside as earnings begin to normalise.

Our intense engagement with clients and good momentum in new lending, particularly in the second half of 2023, support our conviction in a high level of lending activity in the coming year. As extraordinary loan prepayments gradually abate, we expect to grow the loan book over the next 12 months.

We expect to still be able to access the Danish and European covered bond markets at favourable terms that will underpin our ability to offer attractive loan financing to our clients.

Our very robust credit quality, and strong solvency and liquidity give us headroom to support our clients' requirements and grow lending in a sustainable manner.

We expect the credit quality of the loan book to remain stable and do not anticipate a need for additional loan impairment charges in 2024. We expect the three remaining legacy non-performing loans to be adequately covered by the existing ECL allowance account and aim to resolve some of these in 2024.

We remain upbeat on the outlook for the investments area. The current market environment of positive interest rates is favourable for our high-grade investment portfolio and we expect a strongly positive investment result again in 2024, even while maintaining a conservative investment strategy.

We expect operating costs to decline in 2024, with lower advisory costs and normalisation of variable compensation. We expect to maintain the headcount at around the current level and to continue to invest in sustainability, digitalising core processes, and Operational Excellence initiatives to support the business.

Our expectation, in the current market environment, is for a robust operating performance in 2024 and net profit in the range of DKK 400 million to DKK 500 million for Danish Ship Finance.

The previously announced review of the ownership of Danish Ship Finance Holding, announced in our half-year 2022 report, remains ongoing.

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 672 million provides adequate coverage for future credit losses, adverse credit performance always remains a risk to our outlook for the coming year.

Competition

Shipowners muted financing needs meant increased competition between lenders for the transactions coming to market. Loan margins were under pressure for much of the year. Many of our competitors benefited from substantial deposits priced significantly below wholesale market rates, enabling them to price loans at, or even below, their wholesale funding costs for similar maturities.

The abundance of still-cheap liquidity and strong shipping market performance in the past few years have prompted many banks to look to the shipping sector for financing growth opportunities. We saw new entrants in the ship financing market in 2023, which increased competition further.

We believe this situation to be temporary. Banks' funding costs will gradually normalise and the upcoming capital requirements related to Basel IV are slowly beginning to impact the behaviour of banks, which is expected to level the playing field in the industry. At the same time, shipowners' financing needs will grow significantly as the contours of new technical standards for sustainable shipping assets become clearer.

The shipping industry

Shipping markets were characterised by diverging trends during 2023. Although the overall index, the Clarksea Index, was relatively stable during the year, this masks the fact that some segments experienced strong earnings while others comparatively struggled. Tankers and Gas Carriers performed strongly during 2023, as shifts in global oil and gas trade flows sent earnings skyrocketing. Conversely, freight rates in the Container and Dry Bulk segments initially tumbled due to a weaker sentiment in the global economy. Nevertheless, the Clarksea Index, which stood at USD 27,300 per day in December 2023, is moving within the top 30% observed since 2000.

The shipping industry is volatile and shipowners are used to adjusting accordingly. During 2023, Container shipowners and operators reduced vessel speeds and idled capacity to cope with the significant fall in demand. In response to the high freight rates in the Tanker segments, shipowners have increasingly opted to prolong the lifetimes of many of their older vessels. This illustrates how market players adapt to the volatile nature of the industry.

The climate agenda is front and centre in the shipping industry. No silver bullets exist, but the maritime sector is fortunate to be navigating a global regulatory framework that is governed by the International Maritime Organization (IMO). In 2023, the IMO reached a consensus to tighten GHG regulations, closing some of the gap with the objectives of the Paris Agreement. From 2024, the shipping industry will already start operating in accordance with new rules introduced by the IMO.

The IMO has introduced both technical and operational measures to ensure that the shipping industry reduces its climate footprint. The Energy Efficiency Design Index (EEDI) is a crucial step in ensuring that new ships are built to reduce the industry's climate impact, while the Carbon Intensity Indicator (CII) targets the operational efficiency of existing ships.

Global regulations are supplemented by regional initiatives. The European Union has included the shipping industry in its Emission Trading System (ETS) from 2024. This introduces a carbon tax on CO2 emissions from vessels entering EU ports. Moreover, a key component of the EU's Fit for 55 package is the FuelEU Maritime initiative, which aims to stimulate demand for renewable and low-emission fuels in the maritime sector. The FuelEU Maritime regulation is expected to take effect from 2025.

World seaborne trade volumes have regained lost territory. After having experienced a 0.4% decline in 2022, seaborne trade volumes are estimated to have increased by 3.0% in 2023. However, the recovery is uneven, with Tankers and Gas Carriers seeing strong demand growth and high freight rates, and fleet utilisation for Container and Dry Bulk vessels weakening during much of 2023.

Contracting activity fell sharply in 2023, driven by lower appetite for new Container vessels, while few Tanker and Dry Bulk vessels were contracted.

Container

The Container market has continued its downward ride after stellar years during the pandemic. The fleet's cargo-carrying capacity increased significantly during 2023 at a time when high inflation and soaring interest rates reduced demand for containerised goods. As a result, both freight rates and secondhand prices experienced substantial declines. A massive inflow of vessels is still projected for 2024 and next year, while high inflation is expected to continue to weigh on the outlook for the global economy. The Container market is therefore expected to suffer from surplus vessel capacity in the coming years, likely leading to further declines in freight rates and increased scrapping of vessels.

Dry bulk

Market fundamentals in the Dry Bulk market weakened during 2023, as a reduction of port congestion increased the active supply of vessels. Dynamics on the supply side seem positive, as a low orderbook will limit fleet growth in the short term. However, structural challenges related to the Chinese property sector raise concerns on the demand side, which may have a significant impact on the demand for larger vessels. The outlook seems more resilient for the small and midsized segments, owing to positive fundamentals on both the supply and demand side.

Offshore

The Offshore market remained in a strong position throughout 2023. Day rates across multiple subsegments rose to decade highs as a result of firm demand, constrained vessel supply and a supportive energy price environment. Continued optimism in the Offshore market is backed by a historically low orderbook, an ageing fleet, and expectations of more investments in upstream greenfield activities in the coming years, propelled by increased concerns about energy security in Western countries. The bright outlook for the Offshore market is expected to gain further support from investments in the offshore wind industry.

Oil tankers

The Oil Tanker market remained consistently firm in 2023. Increased global oil demand, mainly attributable to a recovery in Chinese demand, together with longer travel distances as a result of the Russia-Ukraine war and limited fleet growth, has kept both fleet utilisation and freight rates high. Oil supply cuts in OPEC+ countries continue to affect the outlook. Still, a limited inflow of new vessels in the next few years and an ageing fleet could support continuously high fleet utilisation and earnings, even if headwinds escalate.

Gas carriers

Gas Carriers continued to benefit from strong market fundamentals during 2023. A surge in long-haul trade, combined with numerous dry-dockings, pushed average earnings in the LPG segment to all-time highs – primarily driven by the larger segments. Earnings in the LNG segment softened compared to 2022 but remain at an elevated level. Although global seaborne gas demand is expected to increase further in the short and medium term, a very large orderbook continues to weigh on the outlook for Gas Carriers.

Car carriers

Global car sales continued their strong performance in 2023, partly driven by a demand overhang from the pandemic years. This has fuelled excessive demand for Car Carriers, which, along with port congestion, has kept fleet utilisation and timecharter rates at all-time highs. Macroeconomic headwinds and diminishing purchasing power may impact growth in car sales negatively and normalise demand for Car Carriers. Lower demand will reduce port congestion, while a high inflow of new, larger vessels is likely to introduce periods of surplus vessel capacity in the coming years.

RO-RO/Ferries

A lack of available tonnage in the Ro-Ro market kept earnings and secondhand prices high during 2023. However, economic headwinds in Europe may pressure freight rates to some degree in the short term. The orderbook primarily consists of large vessels, which are expected to replace old small and medium-sized vessels. Market conditions have generally been positive for ferries, but weakening economic conditions may pose a risk.

INCOME STATEMENT

NOTE	1 JANUARY - 31 DECEMBER DKK MILLION	Group		Holding	
		2023	2022	2023	2022
3	Interest income	5,026	2,314	6	0
4	Interest expenses	(4,664)	(1,872)	(245)	(184)
5	**Net interest income**	**362**	**442**	**(240)**	**(184)**
6	Fee and commission income	15	14	-	-
	Net interest and fee income	**377**	**456**	**(240)**	**(184)**
7	Market value adjustments	175	(206)	-	-
8,9	Staff costs and administrative expenses	(206)	(189)	(4)	(2)
22.23	Depreciation and impairment of tangible assets	(1)	(2)	-	-
	Other operating expenses	-	-	(2)	(1)
15	Loan impairment charges	506	583	-	-
21	Income from investments in subsidiary undertaking	-	-	707	558
	Profit before tax	**851**	**643**	**461**	**371**
10	Tax	(225)	(125)	54	41
	Net profit for the year	**626**	**517**	**515**	**412**
	Comprehensive income for the year	**626**	**517**	**515**	**412**
	PROPOSED ALLOCATION OF PROFIT				
	Minority shareholders	111	106	-	-
	Retained earnings	515	412	515	412
	Total	**626**	**517**	**515**	**412**

BALANCE SHEET

NOTE	AT 31 DECEMBER DKK MILLION	Group		Holding	
		2023	2022	2023	2022
	ASSETS				
11	Due from credit institutions and central banks	2,823	46	5	24
12,13,14	Loans and other receivables at amortised cost	31,187	34,029	-	-
17,18,19	Bonds at fair value	21,155	15,297	-	-
17,18,19	Bonds at amortised cost	4,963	4,920	-	-
20	Shares, etc.	0	75	-	-
21	Shares in subsidiary undertaking	-	-	4,422	3,795
22	Land and buildings	-	-	-	-
	Domicile properties	421	340	-	-
23	Other tangible assets	8	6	-	-
	Current tax assets	326	7	53	186
28	Deferred tax assets	93	64	13	15
19,24	Other assets	3,259	4,018	-	-
	Total assets	**64,234**	**58,802**	**4,493**	**4,020**
	LIABILITIES AND EQUITY				
	Liabilities				
25	Due to credit institutions and central banks	6,249	2,786	-	-
26	Issued bonds at amortised cost	43,595	41,402	-	-
	Current tax liabilities	257	145	-	-
19,27	Other liabilities	3,655	4,565	47	86
	Total liabilities	**53,756**	**48,898**	**47**	**86**
	Provisions				
	Other provisions	47	9	-	-
	Total provisions	**47**	**9**	**-**	**-**
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
	Tied-up reserve capital	1	1	1	1
	Revaluation reserves	46	46	46	46
	Retained earnings	1,110	599	1,174	663
	Share of equity	**2,381**	**1,870**	**2,446**	**1,934**
30	**Minority interests' share of equity**	**6,049**	**6,024**	**-**	**-**
	Total equity	**8,430**	**7,894**	**2,446**	**1,934**
	Total liabilities	**64,234**	**58,802**	**4,493**	**4,020**
	Off-balance sheet items				
32	Contingent liabilities	-	85	-	-
33	Other contingent liabilities	3,093	2,667	-	-
	Total off-balance sheet items	**3,093**	**2,752**	**-**	**-**

STATEMENT OF CHANGES IN EQUITY

Group

DKK MILLION	Share capital	Tied-up reserve capital	Revaluation reserves	Retained earnings	Share of Equity	Minority's share of Equity	Total
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
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**
Equity as at 1 January 2023	1,224	1	46	599	1,870	6,024	7,894
Dividends paid for the financial year 2022	-	-	-	-	-	(87)	(87)
Amount for distribution	-	-	-	515	515	111	626
Purchase of own shares	-	-	-	(4)	(4)	-	(4)
Sale of own shares	-	-	-	0	0	-	0
Equity at 31 December 2023	**1,224**	**1**	**46**	**1,110**	**2,381**	**6,049**	**8,430**

Danish Ship Finance Holding A/S

DKK MILLION	Share capital	Tied-up reserve capital	Revaluation reserves	Retained earnings	Total
Equity as at 1 January 2022	1,224	1	46	252	1,524
Amount for distribution	-	-	-	412	412
Purchase of own shares	-	-	-	(1)	(1)
Sale of own shares	-	-	-	0	0
Equity at 31 December 2022	**1,224**	**1**	**46**	**663**	**1,934**
Equity as at 1 January 2023	1,224	1	46	663	1,934
Amount for distribution	-	-	-	515	515
Purchase of own shares	-	-	-	(4)	(4)
Sale of own shares	-	-	-	0	0
Equity at 31 December 2023	**1,224**	**1**	**46**	**1,174**	**2,446**

Group overview

Afilliated companies	Ownership	Voting share	Assets	Equity	Net profit	Liabilities
Danish Ship Finance A/S	86.6%	1	64,228	10,407	818	53,822

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 2022. Certain insignificant changes have been made to the comparative figures for 2022 due to reclassifications.

Financial statement figures are stated in Danish kroner (DKK) and rounded to nearest million, unless otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded 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.

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 may 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.

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.

INCOME STATEMENT

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 ECL 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

The Group's contributions to defined contribution plans are recognised in the income statement as they are earned by the staff. The Group 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.

BALANCE SHEET

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
Loan impairment charges are calculated, pursuant to IFRS 9, with a forward-looking approach to measuring impairment of financial assets based on expected credit losses (ECL).

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.

$$ECL = PD * EAD * LGD * MEF$$

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 2023 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.

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.

Domicile properties

On initial recognition, the domicile properties used for the Group's own operations are measured at cost. The domicile properties is subsequently measured at the revalued amount plus property improvement expenditures and less depreciation. 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.

The expected useful life is:

- Fixture, equipment and vehicles 5-10 years
- IT equipment 3-5 years

Other assets

Other assets include interest and commission receivables, prepayments and derivatives with a positive market value. Future payments which the Group 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, ship covered 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.

Provisions

Provisions are recognised and measured as the best estimate of the costs required to settle an expected obligation related to an occured event which cause a probable economic outflow 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 provisions includes provisions relating to guarantees.

Other liabilities

Other liabilities include accrued interest, prepayments, derivatives with a negative market value and 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.

NOTE 2

DKK MILLION	Group					Holding				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Total net interest income	362	442	306	342	432	(240)	(184)	(185)	(187)	(187)
Total net interest and fee income	377	456	338	363	458	(240)	(184)	(185)	(187)	(187)
Market value adjustments	175	(206)	(82)	(150)	(197)	-	-	-	-	-
Staff costs and administrative expenses	(206)	(189)	(170)	(159)	(167)	(4)	(2)	(3)	(1)	(2)
Loan impairment charges	506	583	39	(100)	2	-	-	-	-	-
Income from investments in subsidiary undertaking	-	-	-	-	-	707	558	208	96	186
Profit before tax	851	643	124	(47)	94	461	371	19	(93)	(4)
Net profit for the year	626	517	101	(53)	58	515	412	67	(62)	38
Loans and other receivables at amortised cost	31,187	34,029	36,293	32,078	39,337	-	-	-	-	-
Bonds	26,118	20,217	16,007	24,319	25,027	-	-	-	-	-
Additional tier 2 capital	2,000	2,000	2,000	1,990	1,979	2,000	2,000	2,000	1,990	1,979
Equity	2,381	1,870	1,459	1,403	1,449	2,446	1,934	1,524	1,454	1,488
Total assets	64,234	58,802	54,533	59,935	67,113	4,493	4,020	3,648	3,540	3,490

KEY RATIOS	Group					Holding				
Common Equity Tier 1 capital ratio	16.0	14.7	13.3	13.8	14.0	-	-	-	-	-
Tier 1 capital ratio	16.0	14.7	13.3	13.8	14.0	-	-	-	-	-
Total capital ratio	20.7	19.4	17.6	18.6	18.0	-	-	-	-	-
Return on equity before tax (%)	40.0	38.6	8.7	(3.3)	6.5	21.1	21.4	1.3	(6.3)	(0.3)
Return on equity including minorities before tax (%)	10.4	8.4	1.7	(0.6)	1.3	-	-	-	-	-
Return on equity after tax (%)	29.5	31.1	7.1	(3.7)	4.0	23.5	23.8	4.5	(4.2)	2.6
Return on equity including minorities after tax (%)	7.7	6.8	1.4	(0.7)	0.8	-	-	-	-	-
Income/cost ratio [1]	(1.8)	(0.6)	1.9	0.8	1.7	(55.0)	(116.6)	(59.0)	(159.4)	(109.8)
Income/cost ratio (excluding loan impairment charges)	2.7	1.3	1.5	1.3	1.5	(55.0)	(116.6)	(59.0)	(159.4)	(109.8)
Foreign exchange position (%)	4.9	6.5	3.5	3.4	2.8	-	-	-	-	-
Gearing of loans	13.1	18.2	24.9	22.9	27.1	-	-	-	-	-
Annual growth in lending (%)	(8.4)	(6.2)	13.1	(18.5)	6.0	-	-	-	-	-
Annual loan impairment ratio (%)	(1.6)	(1.7)	(0.1)	0.3	(0.0)	-	-	-	-	-
Accumulated loan impairment charges as a % of loan book	2.0	2.1	2.6	3.9	4.9	-	-	-	-	-
Rate of return on assets (%)	1.0	0.9	0.2	(0.0)	0.1	11.5	10.2	1.8	(1.7)	1.1

The key ratios 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.*

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 3 **INTEREST INCOME**

Due from credit institutions and central banks	117	7	3	0
Loans and other receivables	2,291	1,422	-	-
Bonds	497	147	-	-
Other interest income	0	3	3	-
Derivatives				
Interest rate contracts	2,107	735	-	-
Foreign exchange contracts	14	0	-	-
Total interest income*	**5,026**	**2,314**	**6**	**0**
Of this amount, income from genuine purchase and resale transactions is recognised in:				
Due from credit institutions and central banks	-	-	-	-

*) Group total interest income contains negative interest expenses of DKK 0.3 million in 2023 (2022: 0.4 DKK million).

NOTE 4 **INTEREST EXPENSES**

Credit institutions and central banks	(172)	(15)	(0)	(0)
Bonds	(0)	(1)	-	-
Issued bonds	(1,165)	(244)	-	-
Interest paid on additional Tier 2 capital	(245)	(184)	(245)	(184)
Other interest expenses	(8)	(50)	-	-
Derivatives				
Interest rate contracts	(3,073)	(1,379)	-	-
Total interest expenses*	**(4,664)**	**(1,872)**	**(245)**	**(184)**
Of this amount, interest expenses for genuine sale and repurchase transactions is recognised in:				
Due to credit institutions and central banks	(171)	(14)	-	-

*) Group total interest expenses contain negative interest income of DKK 0.1 million in 2023 (2022: 1.0 DKK million). In Holding total interest expenses contain negative interest expenses of DKK 0.0 million in 2023 (2022: 0.3 DKK million).

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 5

NET INTEREST INCOME

	2023	2022	2023	2022
Net interest income from lending				
Loans and other receivables	2,291	1,422	-	-
Bonds	200	38	-	-
Due from credit institutions	29	(13)	-	-
Interest to credit institutions	(1)	(1)	(0)	(0)
Issued bonds	(1,165)	(244)	-	-
Other interest income	14	3	-	-
Derivatives				
Interest rate contracts	(966)	(644)	-	-
Foreign exchange contracts	14	0	-	-
Total net interest income from lending	**415**	**562**	**(0)**	**(0)**
Net interest income from Financial activities				
Bonds	297	107	-	-
Due from credit institutions	88	20	3	-
Interest paid on additional Tier 2 capital	(245)	(184)	(245)	(184)
Other interest income	0	0	3	-
Interest to credit institutions	(171)	(13)	-	-
Other interest expenses	(22)	(49)	-	-
Total net interest income from Finance activities	**(53)**	**(119)**	**(240)**	**(184)**
Total net interest income	**362**	**442**	**(240)**	**(184)**

NOTE 6

FEE AND COMMISSION INCOME

	2023	2022	2023	2022
Guarantee commission	0	1	-	-
Fee and other commission income	14	12	-	-
Total fee and commission income	**15**	**14**	**-**	**-**

NOTE 7

MARKET VALUE ADJUSTMENTS

	2023	2022	2023	2022
Market value adjustment of bonds	347	(1,325)	-	-
Exchange rate adjustments	(4)	(5)	-	-
Market value adjustment of derivative financial instruments	(167)	1,124	-	-
Total market value adjustments	**175**	**(206)**	**-**	**-**

NOTE 8

STAFF COSTS AND ADMINISTRATIVE EXPENSES

	2023	2022	2023	2022
Remuneration of the Board of Directors and Executive Board				
Board of Directors	(3)	(3)	-	-
Executive Board	(28)	(25)	(2)	(0)
Total remuneration of the Board of Directors and Executive Board	**(31)**	**(28)**	**(2)**	**(0)**
Staff costs				
Salaries and wages	(97)	(91)	(0)	(0)
Pensions	(10)	(9)	-	-
Social security costs and financial services employer tax	(21)	(18)	(0)	(0)
Total staff costs	**(128)**	**(118)**	**(0)**	**(0)**
Other administrative expenses	(47)	(43)	(2)	(2)
Total staff costs and administrative expenses	**(206)**	**(189)**	**(4)**	**(2)**
Number of employees - full-time equivalents	81	82	-	-
Average number of employees - full-time equivalents	80	81	-	-

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 material risk takers.

The remuneration policy and remuneration report were adopted at the company's annual general meeting on 29 March 2023. The remuneration policy and remuneration report are available on the company's website: https://www.shipfinance.dk/investor-relations/

Variable remuneration may be granted to the Executive Board and other material risk takers as well as to employees in key functions in accordance with the remuneration policy.

The variable remuneration of the Executive Board is in the form of equity-like instruments (Total Shareholder Return based - ("TSR")) with a deferral period of five years and a one year lock-up.

The variable remuneration of other employees is in the form of either TSR, a combination of TSR and cash, or cash only. TSR awards to other employees have a deferral period of four years and a one year lock-up.

The items Fixed remuneration and Adjustment of previous years' variable remuneration relate to the given financial year. Variable remuneration relates to awards for performance in the preceding financial year.

Detailed information about remuneration for the Board of Directors and the Executive Board can be found in the remuneration report which includes information on variable remuneration granted for performance in 2023.

2023

	Fixed remuneration	Adjustment of previous' years variable remuneration	Variable remuneration	Total remuneration	Number of recipients
Board of Directors in Danish Ship Finance A/S	3			3	12
Executive Board *)	16	6	7	30	3
Other material risk takers	14	2	4	20	7
Total	**33**	**9**	**12**	**53**	

*) Michael Frisch resigned from Executive Board with effect from 31 december 2023 and will not be eligible for TSR bonus.

2022

	Fixed remuneration	Adjustment of previous' years variable remuneration	Variable remuneration	Total remuneration	Number of recipients
Board of Directors in Danish Ship Finance A/S	3	-	-	3	12
Executive Board	15	3	5	23	3
Other material risk takers	13	1	2	17	7
Total	**31**	**4**	**7**	**43**	

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 9 AUDIT FEES

Fees for statutory audit of financial statements	(0.9)	(0.9)	(0.1)	(0.1)
Fees for tax advisory services	(0.0)	(0.1)	-	-
Fees for non-audit services	(0.6)	(0.3)	(0.4)	-
Fees for other assurance engagements	(0.2)	(0.1)	-	-
Total fees	**(1.7)**	**(1.4)**	**(0.5)**	**(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

Tax on profit for the year				
Estimated tax on profit for the year	(255)	(147)	-	-
Changes in deferred tax	33	6	56	41
Adjustment of prior-year tax charges	(2)	8	(0)	-
Adjustment to deferred tax due to higher corprate tax rate 1 January 2023 (special financial tax)	(1)	7	(2)	-
Total tax	**(225)**	**(125)**	**54**	**41**

Effective tax rate	**%**	**%**	**%**	**%**
Tax rate in Denmark	25.2	22.0	22.0	22.0
Non-taxable income and non-deductible expenses	0.9	(0.1)	(0.7)	(0.1)
Adjustment of prior-year tax charges	0.2	(1.2)	(0.1)	0.0
Adjustment for reduction of corporation tax rate	0.2	(1.2)	0.5	-
Effective tax rate	**26.4**	**19.5**	**21.8**	**21.9**

The estimated tax on the profit for the year is calculated at a tax rate of 25.2%, 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

Genuine purchase and resale transactions (reverse repo)	2,706	(0)	-	-
Other receivables	117	46	5	24
Total due from credit institutions and central banks	**2,823**	**46**	**5**	**24**

Broken down by due date				
Demand deposits	117	46	5	24
Up to 3 months	2,706	(0)	-	-
Total due from credit institutions and central banks	**2,823**	**46**	**5**	**24**

The company has no term deposits with central banks.

NOTE 12 LOANS AT AMORTISED COST *)

At 1 January	34,029	36,293	-	-
Additions	9,240	6,577	-	-
Ordinary repayments and redemptions	(4,440)	(5,765)	-	-
Extraordinary repayments	(7,534)	(4,779)	-	-
Net change concerning revolving credit facilities	650	(573)	-	-
Exchange rate adjustment of loans	(855)	2,017	-	-
Change in amortised cost for the year	(4)	(5)	-	-
Depreciation, amortisation and impairment for the year	102	265	-	-
At 31 December	**31,187**	**34,029**	**-**	**-**

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

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 13 LOANS AT AMORTISED COST BROKEN DOWN BY DUE DATE

	Group 2023	Group 2022	Holding 2023	Holding 2022
Gross loans at exchange rates at the balance sheet date	31,812	34,756	-	-
Accumulated loan impairment charges	(624)	(726)	-	-
Total loans	**31,187**	**34,029**	**-**	**-**
Total loans broken down by due date				
Up to 3 months	1,248	1,428	-	-
From 3 months to 1 year	4,034	3,924	-	-
From 1 to 5 years	21,284	23,715	-	-
Over 5 years	4,621	4,962	-	-
Total loans	**31,187**	**34,029**	**-**	**-**
Total loans				
Loans at fair value	31,221	34,155	-	-
Loans at amortised cost	31,187	34,029	-	-

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

NOTE 14 NON-PERFORMING LOANS

	Group 2023	Group 2022	Holding 2023	Holding 2022
Impaired loans (DSF rating 11)				
Loans subject to forbearance or otherwise impaired, gross	903	544	-	-
Accumulated loan impairment charges	(406)	(218)	-	-
Impaired loans, net	**497**	**326**	**-**	**-**
Defaulted loans (DSF rating 12)				
Loans in default, gross	-	701	-	-
Loan impairment charges	-	(296)	-	-
Defaulted loans, net	**-**	**405**	**-**	**-**
Non-performing loans, gross (NPL)	**903**	**1,245**	**-**	**-**
Non-performing loans, net (net NPL)	**497**	**731**	**-**	**-**
NPL ratio	**2.8%**	**3.6%**	**-**	**-**
Net NPL ratio	**1.6%**	**2.1%**	**-**	**-**

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

	Group 2023	Group 2022	Holding 2023	Holding 2022
The following impairment charges/loss allowances were made on loans/credit commitments				
Individual impairment charges	624	726	-	-
Loss allowances for loan commitments	47	9	-	-
Total	**672**	**736**	**-**	**-**
Accumulated loan impairment charges as % of the loan book	**2.0**	**2.1**	**-**	**-**
Reconciliation of total allowance account				
At 1 January	736	1,007	-	-
New impairment charges/loss allowances	176	253	-	-
Reversal of loan impairment charges/loss allowances	(239)	(523)	-	-
Gross write-offs debited to the allowance account	-	(2)	-	-
Total	**672**	**736**	**-**	**-**
Loan impairment charges for the period				
New loan impairment charges/loss allowances	(176)	(253)	-	-
Reversal of loan impairment charges/loss allowances	239	523	-	-
Reclassification of interest	1	0	-	-
Recovery on loans previously written off	442	313	-	-
Loan impairment charges	**506**	**583**	**-**	**-**

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 16 **CREDIT RISK**

Reconciliation of loans and guarantees (loan book)				
Balance sheet				
Loans at amortised cost	31,187	34,029	-	-
Other receivables	169	164	-	-
Loan impairment charges	624	726	-	-
Total balance sheet items	**31,980**	**34,920**	**-**	**-**
Off-balance sheet items				
Guarantees	-	85	-	-
Total off-balance sheet items	**-**	**85**	**-**	**-**
Total loans and guarantees	**31,980**	**35,005**	**-**	**-**
Reconciliation of other contingent liabilities				
Credit commitments	3,093	2,667	-	-
Total other contingent liabilities	**3,093**	**2,667**	**-**	**-**
Reconciliation of financial exposure				
Due from credit institutions and central banks	2,823	46	5	24
Bonds	26,118	20,217	-	-
Shares, etc.	0	75	-	-
Derivatives	2,711	775	-	-
Total financial exposure	**31,652**	**21,113**	**5**	**24**
Total credit risk from loans, guarantees, credit commitments and financi:	**66,725**	**58,785**	**5**	**24**

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**	
	2023	**2022**	**2023**	**2022**
1 - 2	-	-	-	-
3 - 4	6,186	4,495	-	-
5 - 6	13,760	16,646	-	-
7 - 8	11,132	12,588	-	-
9 - 10	0	31	-	-
11	903	544	-	-
12	0	701	-	-
Total	**31,980**	**35,005**	**-**	**-**

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 2023

DSF RATING	STAGE 1	STAGE 2	STAGE 3	LOANS AND GUARANTEES Total
1	-	-	-	-
2	-	-	-	-
3	2,007	-	-	2,007
4	4,178	-	-	4,178
5	4,448	-	-	4,448
6	9,313	-	-	9,313
7	10,234	-	-	10,234
8	898	-	-	898
9	-	-	-	-
10	-	-	-	-
11 (impaired)	-	-	903	903
12 (default)	-	-	-	-
Total	**31,078**	**-**	**903**	**31,980**

Credit commitments broken down by rating category and stages for 2023

DSF RATING	STAGE 1	STAGE 2	STAGE 3	CREDIT COMMITMENTS Total
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	846	-	-	846
7	1,904	-	-	1,904
8	343	-	-	343
9	-	-	-	-
10	-	-	-	-
11 (impaired)	-	-	-	-
12 (default)	-	-	-	-
Total	**3,093**	**-**	**-**	**3,093**

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**

DKK MILLION

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 2023	210	12	514	736
Transferred to Stage 1 during the period	12	(12)	-	-
Transferred to Stage 2 during the period	-	-	-	-
Transferred to Stage 3 during the period	-	-	-	-
New impairment charges/loss allowances	125	-	50	176
Reversal of impairment charges/loss allowances	(81)	-	(158)	(239)
Gross write-offs for the period	-	-	-	0
Total ECL allowance account at 31 December 2023	**266**	**(0)**	**406**	**672**
Of which:				
- Accumulated loan impairment charges	219	-	406	624
- Accumulated loss allowances for credit commitments	47	-	-	47
Of which:				
- Management judgments	-	-	75	75

	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	-	-	85	85

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.

DKK MILLION

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.

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 3.2% on average in 2023.

Loan book after loan impairment charges broken down by LTV interval

	Group		Holding	
LTV	SHARE OF LOANS		SHARE OF LOANS	
INTERVAL	2023	2022	2023	2022
0 - 20 %	53%	50%	-	-
20 - 40 %	39%	38%	-	-
40 - 60 %	8%	11%	-	-
60 - 80 %	0%	0%	-	-
80 - 90 %	0%	0%	-	-
90 - 100 %	0%	0%	-	-
Over 100 %	0%	0%	-	-

The table above shows that at year-end 100% (2022: 100%) 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 40% (2022: 43%).

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

	Group		Holding	
LTV	SHARE OF LOANS		SHARE OF LOANS	
INTERVAL	2023	2022	2023	2022
0 - 20 %	63%	60%	-	-
20 - 40 %	37%	37%	-	-
40 - 60 %	0%	3%	-	-
60 - 80 %	0%	0%	-	-
80 - 90 %	0%	0%	-	-
90 - 100 %	0%	0%	-	-
Over 100 %	0%	0%	-	-

The table above shows that at year-end 100% (2022: 100%) 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 32% (2022: 36%).

DKK MILLION	Group		Holding	
	2023	2022	2023	2022
NOTE 17 BONDS AT FAIR VALUE AND AMORTISED COST				
Bond portfolio				
Own non-callable bonds (amortised cost)	2,710	1,925	-	-
Non-callable bonds (fair value)	20,808	14,944	-	-
Non-callable bonds, hold to maturity (amortised cost)	4,963	4,920	-	-
Callable bonds (fair value)	346	353	-	-
Total portfolio of bonds	**28,828**	**22,142**	**-**	**-**
Own bonds (offset against issued bonds at amortised cost)	(2,710)	(1,925)	-	-
Total bond portfolio	**26,118**	**20,217**	**-**	**-**
Bond portfolio				
Own bonds (amortised cost)	2,710	1,925	-	-
Government bonds and bonds issued by KommuneKredit (fair value)	1,295	1,537	-	-
Mortgage bonds (fair value)	19,860	13,760		
Mortgage bonds, hold to maturity (amortised cost)*	4,963	4,920	-	-
Total portfolio of bonds	**28,828**	**22,142**	**-**	**-**
Own bonds (offset against issued bonds at amortised cost)	(2,710)	(1,925)	-	-
Total bond portfolio	**26,118**	**20,217**	**-**	**-**

*) Fair value of mortgage bonds, hold to maturity amounts to DKK 4,921 million as of 31 december 2023 (2022: DKK 4,822 million)
*) The calculated ECL as of 31 December 2023 for hold-to-maturity bonds was zero.

NOTE 18 BONDS BY TIME TO MATURITY	Group 2023	Group 2022	Holding 2023	Holding 2022
Bond portfolio				
Bonds with a maturity up to and including 1 year	5,194	2,757	-	-
Bonds with a maturity over 1 year and up to and including 5 years	18,355	15,964	-	-
Bonds with a maturity over 5 years and up to and including 10 years	2,045	974	-	-
Bonds with a maturity over 10 years	524	522	-	-
Total bonds specified by time to maturity	**26,118**	**20,217**	**-**	**-**

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 19 CSA COLLATERAL

Collateral under CSA agreements				
Collateral received	920	1,621	-	-
Collateral delivered	(828)	(827)	-	-
Net value of collateral under CSA agreements	**91**	**794**	**-**	**-**

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	0	75	-	-
Total shares, etc.	**0**	**75**	**-**	**-**

NOTE 21 SHARES IN SUBSIDIARY UNDERTAKING

Cost, 1 January	-	-	4,088	4,088
Cost, 31 December	**-**	**-**	**4,088**	**4,088**
Depreciation, amortisation and impairment losses, 1 January	-	-	(293)	(663)
Dividend	-	-	(80)	(187)
Profit share	-	-	707	558
Depreciation, amortisation and impairment losses, 31 December	**-**	**-**	**334**	**(293)**
Carrying amount, 31 December	**-**	**-**	**4,422**	**3,795**

The statement of changes in equity provides information about affiliated companies.

NOTE 22 LAND AND BUILDINGS

Domicile properties				
Valuation, 1 January	342	334	-	-
Property improvements during the year	82	8	-	-
Valuation including improvements, 31 December	**424**	**342**	**-**	**-**
Accumulated depreciation, 1 January	2	2	-	-
Depreciation for the year	0	0	-	-
Accumulated depreciation, 31 December	**2**	**2**	**-**	**-**
Total valuation, 31 December	**421**	**340**	**-**	**-**

The domicile 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 property on Langebrogade 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 2024.

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 23

OTHER TANGIBLE ASSETS

Cost, 1 January	13	13	-	-
Additions during the year	3	1	-	-
Disposals during the year	-	1	-	-
Cost, 31 December	**16**	**13**	**-**	**-**
Accumulated depreciation, 1 January	7	7	-	-
Disposals during the year	-	0	-	-
Depreciation during the year	1	1	-	-
Accumulated depreciation, 31 December	**8**	**7**	**-**	**-**
Total other tangible assets	**8**	**6**	**-**	**-**

NOTE 24

OTHER ASSETS

Interest receivable	528	379	-	-
Prepayments to swap counterparties	9	12	-	-
Derivatives	2,711	3,620	-	-
Other receivables	12	8	-	-
Total other assets	**3,259**	**4,018**	**-**	**-**

NOTE 25

DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS

Repo transactions	6,249	2,786	-	-
Total due to credit institutions and central banks	**6,249**	**2,786**	**-**	**-**
Broken down by due date				
Up to 3 months	6,249	2,786	-	-
Total due to credit institutions and central banks	**6,249**	**2,786**	**-**	**-**

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 26 **ISSUED BONDS AT AMORTISED COST**

The figures relate to the subsidiary Danish Ship Finance A/S

	2023	2022	2023	2022
At 1 January	41,402	43,228	-	-
Additions in conjunction with pre-issuance	15,971	8,189	-	-
Amortisation of cost	55	(87)	-	-
Adjustment for hedge accounting	(141)	(1,204)	-	-
Exchange rate adjustment	13	(0)	-	-
Own bonds	(622)	1,289	-	-
Ordinary and extraordinary redemptions	(13,082)	(10,013)	-	-
At 31 December	**43,596**	**41,402**	**-**	**-**
Specification of issued bonds				
Bonds issued in DKK				
Bullet bonds	35,507	35,669	-	-
Amortising CIRR bonds	-	73	-	-
Total Danish bonds	**35,507**	**35,742**	**-**	**-**
Bonds issued in foreign currency				
Bullet bonds	10,798	7,585	-	
Total bonds issued in foreign currency	**10,798**	**7,585**	**-**	**-**
Own bonds	(2,710)	(1,925)	-	-
Total issued bonds	**43,595**	**41,402**	**-**	**-**
Broken down by term to maturity				
Up to 3 months	769	1,428	-	-
From 3 months to 1 year	1,455	49	-	-
From 1 to 5 years	39,118	33,754	-	-
Over 5 years	4,963	8,096	-	-
Issued bonds, total before set-off against portfolio of own bonds	**46,305**	**43,327**	**-**	**-**
Own bonds	(2,710)	(1,925)	-	-
Total issued bonds	**43,595**	**41,402**	**-**	**-**

DKK MILLION	Group		Holding	
	2023	2022	2023	2022

NOTE 27 OTHER LIABILITIES

Interest payable	676	242	0	0
Derivatives	2,802	4,225	-	-
Other liabilities	178	98	47	86
Total other liabilities	**3,655**	**4,565**	**47**	**86**

NOTE 28 DEFERRED TAX

Deferred tax, 1 January	64	50	15	158
Estimated deferred tax on profit for the year	30	6	0	(143)
Adjustment for change in corporate tax rate	(1)	7	(2)	-
Total deferred tax	**93**	**64**	**13**	**15**

		Group		Holding
	2023	2023	2023	2023
	Deferred tax assets	Deferred tax liabilities	Deferred tax net	Deferred tax net
Tangible assets	0	(24)	(24)	0
Loans	44	0	44	0
Shares, etc.	2	0	2	0
Issued bonds	35	0	35	0
Payables	12	0	12	12
Employee obligations	24	0	24	1
Total deferred tax	**117**	**(24)**	**93**	**13**

Deferred tax items are calculated at a tax rate of 26.0% according to the financial special tax.

NOTE 29 ADDITIONAL TIER 2 CAPITAL

Convertible debt instrument	2,000	2,000	2,000	2,000
Total additional tier 2 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.
The loan carries interest at the rate of 8.5% + 3M Cibor (floored).

DKK MILLION	Group		Holding	
	2023	2022	2023	2022
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 394,619,100 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	
	2023	2022

NOTE 31 CAPITAL ADEQUACY

	2023	2022
Common Equity Tier 1 capital		
Share capital	1,224	1,224
Tied-up reserve capital	4,496	4,719
Retained earnings	1,115	601
Total Common Equity Tier 1 capital before deductions	**6,834**	**6,544**
Deductions from Common Equity Tier 1 capital		
Prudent valuation pursuant to Article 105 of the CRR	37	31
Deductions for NPE Loss coverage	64	260
Positions of own shares	5	2
Total deductions from Common Equity Tier 1 capital	**106**	**294**
Common Equity Tier 1 capital after deductions	**6,728**	**6,250**
Addtional Tier 2 capital	**2,000**	**2,000**
Own funds after deductions	**8,728**	**8,250**
Risk exposure amount		
Assets outside the trading book	35,178	36,770
Off-balance sheet items	934	775
Counterparty risk outside the trading book	1,266	1,456
Market risk	3,660	2,680
Operational risk	1,050	813
Total risk exposure amount	**42,087**	**42,494**
Common Equity Tier 1 capital ratio	**16.0**	**14.7**
Tier 1 capital ratio	**16.0**	**14.7**
Total capital ratio	**20.7**	**19.4**
The risk exposure amount for market risk consists of:		
Position risk related to debt instruments	3,216	2,049
Position risk related to shares	18	93
Total currency position	425	538
Total risk-weighted items involving market risk	**3,660**	**2,680**

DKK MILLION	Group		Holding	
	2023	2022	2023	2022
NOTE 32 CONTINGENT LIABILITIES				
In the ordinary course of its lending operations, DSF has undertaken guarantee commitments of	-	85	-	-
Total contingent liabilities	**0**	**85**	**-**	**-**
NOTE 33 OTHER CONTINGENT LIABILITIES				
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	1,224	1,117	-	-
In the course of its lending operations, DSF has issued irrevocable credit commitments in the amount of	1,868	1,550	-	-
Total other contingent liabilities	**3,093**	**2,667**	**-**	**-**

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 2023 a nominal amount of DKK 1,308 million (as at 31 December 2022: DKK 1,417 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 2023	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE
Commitments			
Issued bonds	22,141	21,053	21,011
Total commitments	**22,141**	**21,053**	**21,011**
Derivatives			
Interest rate swaps	(22,141)	525	525
Total derivatives	**(22,141)**	**525**	**525**
Net	**-**	**21,577**	**21,536**

Holding 2023	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE
Commitments			
Issued bonds	-	-	-
Total commitments	**-**	**-**	**-**
Derivatives			
Interest rate swaps	-	-	-
Total derivatives	**-**	**-**	**-**
Net	**-**	**-**	**-**

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	**-**	**16,019**	**16,352**

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

DKK MILLION	Group 2023	Group 2022	Holding 2023	Holding 2022
NOTE 36 NOTIONAL PRINCIPALS 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	0	73	-	-
Credit institutions	58,312	59,533	-	-
Swap agreements have been made with the following parties to hedge the interest rate risk on loans, bonds and issued bonds:				
Credit institutions	103,347	113,544	-	-
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:				
Credit institutions	37,008	56,423	-	-
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	14,122	12,966	-	-

DKK MILLION	POSITIVE 2023	NEGATIVE 2023	POSITIVE 2022	NEGATIVE 2022

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	1,084	114	1,284	92
Swap agreements have been made with the following parties to hedge the interest rate risk on loans, bonds and issued bonds:				
Credit institutions	1,321	1,881	1,123	2,112
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:				
Credit institutions	1,079	1,617	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	156	20	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%	559		1,025	
Counterparty with risk weight of 50%	3,081		4,211	
Counterparty with risk weight of 100%	-		16	
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%	148		278	
Counterparty with risk weight of 50%	1,378		1,398	
Counterparty with risk weight of 100%	-		16	

DKK MILLION

NOTE 38 FOREIGN EXCHANGE RISK AND USE OF DERIVATIVES

The total unhedged foreign currency position at 31 December 2023, translated at year-end exchange rates into DKK, amounts to DKK 425 million (DKK 538 million at 31 December 2022).

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	29,722	1,473	31,195	617	31,812
Loan impairment charges	-	-	-	(624)	(624)
Loans as per the balance sheet					**31,187**
Due from credit institutions and central banks	47	1,718	1,765	1,058	2,823
Bond portfolio	-	3,479	3,479	22,638	26,118
Interest receivable, other assets etc.	105	717	822	3,284	4,106
Total assets as per the balance sheet	**29,874**	**7,387**	**37,261**	**26,973**	**64,234**
Issued bonds at year-end exchange rates	0	(8,903)	(8,903)	(34,692)	(43,595)
Issued bonds as per the balance sheet					**(43,595)**
Due to credit institutions and central banks	-	(2,394)	(2,394)	(3,855)	(6,249)
Interest payable, other payables	(127)	(811)	(938)	(2,974)	(3,912)
Provisions	-	-	-	(47)	(47)
Additional tier 2 capital	-	-	-	(2,000)	(2,000)
Minority interest	-	-	-	(6,049)	(6,049)
Equity before minority interest	-	-	-	(2,381)	(2,381)
Total liabilities as per the balance sheet	**(127)**	**(12,108)**	**(12,235)**	**(51,999)**	**(64,234)**
Derivatives					
- receivables	6,668	19,968	26,636		
Derivatives					
- payables	(36,394)	(14,843)	(51,237)		
Total net position	**22**	**404**	**425**		

DKK MILLION	Group 2023	Group 2022	Holding 2023	Holding 2022

NOTE 39 **MARKET RISK SENSITIVITY**

Interest rate risk
Oru 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.

	Group 2023	Group 2022	Holding 2023	Holding 2022
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:	(61)	(94)	-	-
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:	47	82	-	-

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. In the calculating of 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, GBP and NOK, which means that, all else being equal, an increase in the exchange rates for these currencies against the DKK results in higher earnings from lending and vice versa if these currencies fall. The opposite applies to loan impairment charges.

	Group 2023	Group 2022	Holding 2023	Holding 2022
An appreciation of the USD exchange rate against the DKK				
Change in net profit for the year and equity	5	45	-	-
Percentage change in total capital ratio	(2.3)	(2.0)	-	-
A depreciation of the USD exchange rate against the DKK				
Change in net profit for the year and equity	(7)	(49)	-	-
Percentage change in total capital ratio	2.9	2.5	-	-
An appreciation of the GBP exchange rate against the DKK				
Change in net profit for the year and equity	(6)	0	-	-
Percentage change in total capital ratio	(0.0)	0.0	-	-
A depreciation of the GBP exchange rate against the DKK				
Change in net profit for the year and equity	6	0	-	-
Percentage change in total capital ratio	0.0	0.0	-	-
An appreciation of the NOK exchange rate against the DKK				
Change in net profit for the year and equity	(7)	(25)	-	-
Percentage change in total capital ratio	(0.1)	(0.2)	-	-
A depreciation of the NOK exchange rate against the DKK				
Change in net profit for the year and equity	7	19	-	-
Percentage change in total capital ratio	0.1	0.2	-	-

The impact on net profit for the year and equity from a change in the USD, GBP and NOK exchange rates assumes a permanent change of 15 % (equals a DKK 1 change against the USD) for an entire financial year (2022: 14%). 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	
	2023	2022	2023	2022

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 the fair-value based value, 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.

	2023	2022	2023	2022
Loans				
Measured at amortised cost	31,187	34,029	-	-
Measured at fair value	31,221	34,155	-	-
Difference between carrying amounts and fair-value based value of loans, total	**34**	**125**	**-**	**-**

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

	2023	2022	2023	2022
Issued bonds				
Measured at amortised cost, incl. hedging	43,595	41,402	-	-
Measured at fair value	43,460	41,363	-	-
Difference between carrying amounts and fair-value based value of issued bonds total	**(135)**	**(39)**	**-**	**-**

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 material types of risk are:
- Credit risk: The risk of loss arising from clients or counterparties failing to meet all or part of their payment obligations.
- Market risk: Market risk is the risk of loss following movements in the financial markets, including movements in interest rates, credit spreads, foreign exchange rates, and costs for hedging volatility, etc.
- Liquidity risk: The risk of loss arising from the inability to fulfil immediate and short-term payment obligations.

CREDIT RISK
Credit risk is the risk of incurring losses because of clients (shipping companies) or financial counterparties (financial institutions) failing to meet their payment obligations to us. We are mainly exposed to the credit risk of clients through loans collateralised by vessels.

We are exposed to the credit risk of financial counterparties through the high-quality bonds we hold in our portfolio and the financial contracts we have entered into with those counterparties.

Credit risk is managed pursuant to the credit policy approved by the Board of Directors, containing specific guidelines for credit risk appetite, risk-taking and ongoing risk management carried out in relation to lending activities

The criteria and approach used for defining the credit risk management policy and setting credit risk limits are based on extensive experience of the shipping markets and how the volatility in freight rates and vessel values is best managed.

Credit risk limits are set according to the creditworthiness of clients, including the assigned DSF Rating, and the characteristics of the segment in which the vessels pledged as collateral operate.

Note 16 includes a more detailed description of credit risk.

MARKET RISK
Market risk is the risk of loss following movements in the financial markets, including movements in interest rates, credit spreads, foreign exchange rates, and costs for hedging volatility, etc.

The risk profile and the framework for market risk management are laid out in our market risk policy, which is set by the Board of Directors.

The market risk policy sets limits and specific guidelines for the ongoing management of risks relating to changes in financial risk factors, and lays down clear and measurable limits on, inter alia, interest rate and foreign exchange risks, building on the Executive Order on Bond Issuance and other provisions. Our internal market risk limits are more stringent than external regulatory requirements.

The market risk policy sets limits and specific guidelines for the ongoing management of risks relating to changes in financial risk factors, and lays down clear and measurable limits on, inter alia, interest rate and foreign exchange risks, building on the Executive Order on Bond Issuance and other provisions. Our internal market risk limits are more stringent than external regulatory requirements.

The risk management department provides a full market risk report to the Board of Directors and to the Executive Board members on a regular basis. The risk management department provides relevant data for internal and external reports in which market risk is reported.

LIQUIDITY RISK
Liquidity risk is the risk of loss arising from the inability to fulfil immediate and short-term payment obligations.

The risk profile and the framework for liquidity risk management are laid out in our liquidity risk policy, which is set by the Board of Directors.

We currently fund our lending by issuing covered bonds. The funding area is subject to the Danish specific balance principle in accordance with provisions of the Executive Order on Bond Issuance. We are thereby required by law to ensure that any liquidity deficit can be covered by our o funds. Furthermore, the liquidity risk is managed via strict internal liquidity limits, and liquidity stress tests are carried out on a regular basis.

Liquidity risk primarily arises from future liquidity mismatch as loans and issued bonds are not matched on a loan-by-loan basis. Changes in exchange rates due to the hedging agreements entered into under bilateral collateral agreements, as well as mark-to-market resets on certain derivatives may also require liquidity. This risk is partly mitigated by pre-funding of all loans and commitments to clients under the Danish specific balance principle.

We conduct our daily operations in observance of internal guidelines laid down by the Board of Directors, setting even stricter limits for liquidity risk than those set by regulation. In conclusion, we believe that our liquidity risk may be characterised as low.

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 2023

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	1,891	399	2,291
Other interest and fee income, net	(1,382)	(292)	(1,674)
Market value adjustments	(168)	343	175
Staff costs and administrative expenses	(166)	(35)	(201)
Loan impairment charges	475	31	506
Tax	(166)	(113)	(278)
Net profit for the year	**484**	**334**	**818**
Assets			
Loans and other receivables at amortised cost	23,408	7,779	31,187
Other assets	29,734	3,307	33,041
Total assets	**53,142**	**11,086**	**64,228**
Liabilities			
Issued bonds at amortised cost	34,969	8,626	43,595
Other liabilities	10,187	39	10,226
Equity	7,986	2,421	10,407
Total liabilities	**53,142**	**11,086**	**64,228**
Transfers of capital between capital centres	**(865)**	**865**	**-**

CAPITAL CENTRES 2022

	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	23,230	1,558	24,789
Total assets	**51,065**	**7,753**	**58,818**
Liabilities			
Issued bonds at amortised cost	35,213	6,189	41,402
Other liabilities	7,653	8	7,661
Equity	8,199	1,556	9,755
Total liabilities	**51,065**	**7,753**	**58,818**
Transferrals of capital between capital centres	**501**	**(501)**	**-**

The financial statements of the individual capital centre are unaudited.

The 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 2023.

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
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:
EIFO Danmarks eksport- & Investeringsforeningsfond
Nordsøfonden
Nissens A/S
CBS Executive Fonden

Associate professor at CBS (Copenhagen Business School)

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
A/S Kjøbenhavns Ejendomsselskab
Forstædernes Ejendomsaktieselskab
Sygeplejerskernes og Lægesekretærernes Ejendomsselskab
Sundhedsfagliges Ejendomsselskab
Socialrådgiveres, Socialpædagogers og Kontorpersonales Ejendomsselskab
Farmakonomers Ejendomsselskab
PKA Herning Plus A/S
IIP Venture II GP ApS
IIP Private Funds V GP
PKA Ejendomme P/S

P/S Karrékvarteret
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
Refshaleøen Holding
Hotel Koldingfjord A/S
Fonden Dansk Sygeplejehistorisk Museum
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
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 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
PKA AE ApS

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 Kapitalforening
Finansforeningen

Executive Board

Erik I. Lassen, CEO
Executive positions in other business enterprises:
CEO 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