Stock Exchange Announcement no. 12/12
20 April 2012

Interim Announcement
First Quarter 2012

Danish Ship Finance A/S (Danmarks Skibskredit A/S) · VAT no.: 27 49 26 49
Sankt Annae Plads 3 · DK-1250 Copenhagen K · T: +45 33 33 93 33 · F: +45 33 33 96 66 · E: danish@shipfinance.dk

www.shipfinance.dk

Management’s review

Events during the period
Danish Ship Finance A/S publishes annual and semi-annual reports. The company has not previously published quarterly reports, as more frequent reporting is not deemed to have an impact on the pricing of the bonds issued. By way of exception, however, and as a result of Moody's announcement, Danish Ship Finance has chosen to publish an interim announcement for the first quarter of 2012.

On 15 February 2012, Moody's Investors Service placed 114 financial institutions in 16 European countries under review for possible downgrade. Danish Ship Finance A/S was placed under review for possible downgrade by up to five notches.

Moody's has explained that Danish Ship Finance is under review among other things because earnings are expected to decline and because of potential further losses due to the volatile nature of the shipping business. Moody's has expressed such expectations since mid-2009.

Moody's is expected to publish any changes in ratings by mid-May but has also indicated that the publishing may be postponed.

The company's quarterly announcement shows a positive trend in income from lending operations. Total impairment charges increased by 0.1% of total loans, while no losses were recorded in the first quarter. Hence, realised losses since the beginning of the crisis in 2008 remain on a moderate level, and despite the crisis, the quality of the company's credit in several shipping segments is considered to be high. As stated in the Risk Report for 2011, 90% of total loans was within a loan-to-value ratio of 60% at the end of 2011.

The accounting policies are unchanged from the policies applied in the Annual Report 2011, to which reference is made.

Income statement
The profit for the period amounted to DKK 137 million, against a full-year profit of DKK 244 million in 2011. The financial performance is considered satisfactory.

Net interest income from lending operations for the period was DKK 104 million, equal to an increase of 20% relative to the average net income per quarter in 2011. The performance was favourably affected by an increase in average margin earnings on the loan portfolio.

Loan impairment charges amounted to an expense of DKK 72 million, against an expense of DKK 333 million in 2011. Total impairment charges amounted to DKK 2,407.3 million, equal to 4.7% of loans and guarantees. At the end of 2011, total impairment charges amounted to 4.6% of loans and guarantees.

The return from financing operations for the period was satisfactory with net interest income of DKK 120 million and positive market value adjustments of DKK 42 million.

Balance sheet and capital structure
Like real estate mortgage institutions, Danish Ship Finance is subject to a balance principle for the issuance of bonds and as a result enjoys a very robust liquidity with very limited refinancing risks between the bonds issued and the loans disbursed and loan offers made. These moderate risks are amply covered by the company's own funds. The company has not issued bonds secured against a government guarantee.

The solvency ratio was 16.8% at the end of the first quarter of 2012, against 16.3% at 31 December 2011. The increase is mainly attributable to the fall in the USD exchange rate and a reduction in the portfolio of loan offers made. Accordingly, the solvency ratio remains well above the minimum requirement of 8%.

When calculating credit risks, Danish Ship Finance applies the standard method in accordance with the Danish Executive Order no. 199 of 16 December 2011 on Capital Adequacy.

On 31 March 2012, the adequate capital base pursuant to Section 64(4) of the Danish Executive Order on Capital Adequacy amounted to DKK 3,620.1 million, equal to an internally calculated individual solvency need of 6.2%.

Individual solvency need and adequate capital base at 31 March 2012

DKK million	
Internally calculated individual solvency need, %	6.2*
Internally calculated total adequate capital base	3,620.1
The internally calculated adequate capital base divided into sub-components:	
Credit risks	
Market risks	2,800.3
Operational risks	1,162.4
Other	148.7
	(491.4)

*The company's adequate capital base must not be lower than the solvency requirement, equal to 8% of the risk-weighted items pursuant to the Danish Executive Order on Capital Adequacy, and the individual solvency need has been fixed at 8%.

Outlook for 2012
The company retains the financial guidance for 2012 stated in the Annual Report 2011, to which reference is made.

Supplementary prospectus
No supplementary prospectus has been prepared on the basis of this interim announcement as no events have occurred since the latest annual report which could materially affect the company's solvency, capital structure or expected developments and since no major changes have occurred in the company's financial or business position or in its financial performance since the publishing of the latest annual report.

Erik I. Lassen
Chief Executive Officer

Per Schnack
Executive Vice President

Key figures for Danish Ship Finance A/S

DKK million	**Q1 2012**	**Full year 2011**
Key figures income statement		
Net interest income from lending operations	104	348
Net interest income from financing operations	120	476
Total net interest income	224	824
Fees and commission income	13	56
Net interest and fee income	237	886
Market value adjustments	42	(135)
Staff costs and administrative expenses	(24)	(90)
Impairment charges on loans and receivables, etc.	(72)	(333)
Profit/loss before tax	182	326
Profit/loss for the period	137	244
Key figures balance sheet		
Loans	47,640	46,948
Bonds	26,284	26,944
Subordinated debt	899	899
Equity	9,596	9,666
Total assets	78,622	78,998
Ratios		
Solvency ratio	16.8	16.3
Tier 1 capital ratio	16.8	16.3
Cost/income ratio (ex. impairment charges)	11.3	8.3
Gearing of loans	5.0	4.9
Growth in lending for the period (%)	1.5	(5.1)
Impairment ratio for the period	0.1	0.7
Accumulated impairment ratio	4.7	4.6

The overview does not contain comparative figures for the first quarter of 2011, as the company has not previously published quarterly announcements.

The interim announcement for the first quarter of 2012 has not been subject to review or audit by an external auditor.